Middle East Financial Investment Company
(A Saudi Closed Joint Stock Company)
Consolidated Financial Statements
For the Year Ended 31 December 2022
And Independent Auditor's Report

Middle East Financial Investment Company
(A Saudi Closed Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENT
As at 31 December 2022

index

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS/OF MIDDLE EAST FINANCIAL INVESTMENT COMPANY

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Middle East Financial Investment Company (the "Company") and its subsidiaries (together "the Group) as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

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

- The consolidated statement of financial position as at 31 December 2022;
- The consolidated statements of profit or loss for the year then ended;
- The consolidated statement of comprehensive income for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated statement of cash flows for the year then ended, and;
- The notes to the consolidated financial statements, including a summary of significant accounting policies.

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 code of professional conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Group's 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.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2021, were audited by another auditor who expressed an unmodified opinion on those statements on 27 March 2022.

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 IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's Article of Association and for such internal control as management determines is necessary to enable the preparation of 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.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

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

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

- Identify and asses the risk 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 by the management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists, related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that the material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS/OF MIDDLE EAST FINANCIAL INVESTMENT COMPANY

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

- 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 direction, supervision and performance of group audit. We remain solely responsible for our audit opinion

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

For Al-Bassam & Co.

Ahmed A. Mohandis
Certified Public Accountant
License No. 477
Riyadh: 8 Ramadan 1444H
Corresponding to: 30 March 2023

Middle East Financial Investment Company
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022
(Amounts in Saudi Arabian Riyals)

	Note	31 December 2022	31 December 2021
ASSETS			
Current Assets			
Cash and cash equivalents	4	**4,162,594**	18,120,708
Accrued income and other assets, net	8	**72,733,818**	39,314,623
Due from related parties, net	7	**29,333,524**	-
Investments carried at FVPL	5	**-**	3,372,864
Total Current Assets		**106,229,936**	60,808,195
Non-Current Assets			
Investments carried at FVPL	5	**252,938,004**	250,916,890
Property, plant and equipment, net	9	**3,932,262**	3,881,556
Building under construction, net	11	**60,493,583**	62,447,000
Intangible assets, net	10	**1,375,195**	1,868,067
Right-of-use assets	13	**31,824,630**	30,965,549
Deferred tax asset	12	**479,941**	402,027
Total Non- Current Assets		**351,043,615**	350,481,089
TOTAL ASSETS		**457,273,551**	411,289,284
LIABILITIES AND SHAREHOLDER'S EQUITY			
LIABILITIES			
Current Liabilities			
Lease Liability - current portion	13	**3,957,717**	2,892,031
Accrued expenses and other current liabilities	15	**9,246,955**	5,651,999
Islamic facility	14	**20,112,985**	4,289,727
Zakat and income tax provision	16	**38,145,020**	36,722,069
Total Current Liabilities		**71,462,677**	49,555,826
Non-Current Liabilities			
Employee benefit obligations	17	**5,335,151**	4,928,683
Lease liability – non-current portion	13	**30,831,280**	29,635,583
Total Current non- Liabilities		**36,166,431**	34,564,266
Total Liabilities		**107,629,108**	84,120,092
SHAREHOLDER'S EQUITY			
Share capital	18	**300,000,000**	400,000,000
Statutory reserve	19	**17,099,475**	14,861,178
Retained earnings / (Accumulated losses)		**20,236,954**	(75,789,980)
Fair value reserve		**(11,902,006)**	(11,902,006)
General reserve		**24,210,020**	-
TOTAL SHAREHOLDER'S EQUITY		**349,644,443**	327,169,192
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**457,273,551**	411,289,284

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

Middle East Financial Investment Company
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2022
(Amounts in Saudi Arabian Riyals)

	Note	For the year ended 31 December 2022	For the year ended 31 December 2021
INCOME			
Asset management, subscription and advisory fees	20	**32,978,863**	18,459,578
Realized gain from investments carried at FVPL	5	**8,206,004**	2,497,929
Unrealized gain from investments carried at FVPL	5	**36,563,744**	46,860,176
Dividends income		**2,173,892**	397,509
Total Income		**79,922,503**	68,215,192
EXPENSES			
Salaries and employee related expenses		**(15,933,983)**	(16,644,223)
Depreciation of property, plant and equipment	9	**(579,543)**	(207,387)
Amortization of intangible assets	10	**(488,437)**	(534,210)
impairment of building under construction	11	**(3,800,000)**	(8,435,879)
Expected credit loss expenses	8-7	**(4,318,436)**	(12,099,254)
Reversal of Expected credit loss expenses	8	**3,655,848**	1,730,748
Depreciation – right of use asset	13	**(2,474,273)**	(2,310,240)
Rent expenses	13	**(430,181)**	(1,153,348)
Finance cost on lease liabilities	13	**(1,409,045)**	(1,431,418)
Financing expenses on Islamic facility	14	**(948,107)**	(127,476)
Other general and administrative expenses	19	**(28,340,427)**	(5,475,006)
Total expenses		**(55,066,584)**	(46,687,693)
Other income		**292,845**	1,654,282
Income before Zakat		**25,148,764**	23,181,781
Zakat and income tax	16	**(2,843,711)**	(3,944,256)
Deferred tax income	12	**77,914**	197,998
Net income for the year		**22,382,967**	19,435,523
Basic and diluted earnings per share	22	**0.75**	0.49

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022
(Amounts in Saudi Arabian Riyals)

	Note	For the year ended 31 December 2022	For the year ended 31 December 2021
Net income for the year		**22,382,967**	19,435,523
Items that will not be reclassified to statement of income in subsequent years:			
-Net change on re-measurement of employees' post-employment benefits	**17**	**92,284**	253,690
Other comprehensive income for the year		**92,284**	253,690
Total comprehensive income for the year		**22,475,251**	19,689,213

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

Middle East Financial Investment Company
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
For the year ended 31 December 2022
(Amounts in Saudi Arabian Riyals)

	Capital	Statutory Reserve	Fair value reserve	Retained earnings / (Accumulated losses)	General reserve	Total
Balance at 1 January 2021	400,000,000	12,917,626	(11,902,006)	(93,535,641)	-	307,479,979
Net income for the year	-	-	-	19,435,523	-	19,435,523
Other comprehensive income for the year	-	-	-	253,690	-	253,690
Total comprehensive income for the year	-	-	-	19,689,213	-	19,689,213
Transfer during the year	-	1,943,552	-	(1,943,552)	-	-
Balance as at 31 December 2021	**400,000,000**	**14,861,178**	**(11,902,006)**	**(75,789,980)**	**-**	**327,169,192**
Balance at 1 January 2022	**400,000,000**	**14,861,178**	**(11,902,006)**	**(75,789,980)**	**-**	**327,169,192**
Net income for the year	**-**	**-**	**-**	**22,382,967**	**-**	**22,382,967**
Other comprehensive income for the year	**-**	**-**	**-**	**92,284**	**-**	**92,284**
Total comprehensive income for the year	**-**	**-**	**-**	**22,475,251**	**-**	**22,475,251**
Capital reduction	**(100,000,000)**	**-**	**-**	**75,789,980**	**24,210,020**	**-**
Transfer to statutory reserve	**-**	**2,238,297**	**-**	**(2,238,297)**	**-**	**-**
Balance as at 31 December 2022	**300,000,000**	**17,099,475**	**(11,902,006)**	**20,236,954**	**24,210,020**	**349,644,443**

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

Middle East Financial Investment Company
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2022
(Amounts in Saudi Arabian Riyals)

	For the year ended 31 December 2022	For the year ended 31 December 2021
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the year	**22,382,967**	19,435,523
Adjustments for:		
Depreciation property, plant and equipment	**579,543**	207,387
Amortization of intangible assets	**488,437**	524,211
Depreciation of right of use assets	**2,474,273**	2,310,240
Financing cost	**1,409,045**	1,431,418
Reversal of expected credit loss expenses	**(3,655,848)**	(1,730,748)
Expected credit loss expenses	**4,318,436**	12,099,254
Unrealized profit from investments at fair value through profit or loss, net	**(36,563,744)**	(46,860,176)
Realized profit on sale of investment at fair value through profit or loss, net	**(8,206,004)**	(2,497,929)
Impairment in building under construction	**3,800,000**	8,435,879
Employee benefits obligations	**643,896**	654,632
Zakat and Income tax expenses	**2,843,711**	3,944,256
Deferred tax Income	**(77,914)**	(197,998)
	(9,563,202)	(2,244,051)
Changes in operating assets and liabilities:		
Due from related parties	**(29,733,550)**	6,000,000
Accrued income and other assets	**(33,681,757)**	(8,346,449)
Accrued expenses and other liabilities	**3,594,956**	1,004,223
Lease liabilities	**-**	1,162,507
Net Cash from Operations	**(69,383,553)**	(2,423,770)
Employee benefits paid	**(145,144)**	(350,832)
Zakat and income taxes paid	**(1,420,760)**	(2,165,482)
Net cash used in operating activities	**(70,949,457)**	(4,940,084)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	**(630,249)**	(3,801,979)
Purchase of building under construction	**(1,842,149)**	(110,435)
Cost of arranging – right of use assets	**-**	(257,923)
Purchase of investments	**(25,942,738)**	(83,714,583)
Proceeds from sale of investments	**72,064,237**	61,150,854
Net cash used in investing activities	**43,649,101**	(26,734,066)
CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowing	**15,823,258**	4,289,727
Lease payments	**(2,481,016)**	(2,211,017)
Net cash generated from financing activities	**13,342,242**	2S,078,710
Net change in cash and cash equivalents	**(13,958,114)**	(29,595,440)
Cash and cash equivalents at the beginning of the year	**18,120,708**	47,716,148
Cash and cash equivalents at the end of the year	**4,162,594**	18,120,708
Supplemental non-cash information		
Property, plant and equipment transfer to intangible assets	**-**	521,478

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

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Middle East Financial Investment Company (the "Company") is a Saudi Closed Joint Stock Company established under the Regulations for Companies in the Kingdom of Saudi Arabia. The Company operates under Commercial Registration No.1010237038 issued in Riyadh on 20 Sha'ban 1428H. (corresponding to 15 August 2007) and Ministerial Resolution No.200/K dated 30 Rabab 1428H. (corresponding to 13 August 2007) announcing the formation of the Company.

The objectives of the Company are to participate in financial security activities, and as an underwriter, perform management activities to establish and arrange investment funds, manage portfolios, perform arranging, advisory and custody services for the purpose of the administrative procedures related to the investment funds and portfolio management in accordance with the license of the Capital Market Authority ("CMA") No.06029-37 dated 21 Jumada II 1427H. (corresponding to 17 July 2007G.).

Subsidiary:
The Company's subsidiary, JESER Real Estate Development Company ("JESER") is a Saudi Limited Liability Company, which is owned 100% by the Company. The objectives of the subsidiary are to purchase land for construction of buildings for the purpose of sale or lease; in addition, manage, maintain, develop, buy and own, sell and purchase, and utilize real estate and land for the benefit of the Company. The subsidiary is also permitted to invest in other entities, which engage in similar real estate activities. Although not legally owned by the Company, the other minority shareholder has assigned his share of investment to the benefit of the Company.The Company and Jeser constitute the "Group".

2. BASIS OF PREPARATION

2-1 Statement of compliance

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

2-2 Basis of measurement

The consolidated financial statements have been prepared on a historical cost convention except the investments carried at fair value through profit or loss, investments carried at fair value through other comprehensive income and employees' end of service benefits are carried at the present value of future obligations using the projected credit unit.

2-3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals, which is the Group's functional currency.

2. BASIS OF PREPARATION (CONTINUED)

2-4 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, 2022 (note 1). Although the company is investment entity this financial statement are consloidated whith the subsidiary senice the main purpose and activity of the subsidiary are providing servise to the company's investment activity, 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
- 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.

2-5 New standards, amendments to standards and interpretations

<u>Amendments</u>

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

2. BASIS OF PREPARATION (CONTINUED)

2-5 New standards, amendments to standards and interpretations (Continued)

New amendments to standards issued and applied effective as of 2022

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 37	Onerous Contracts Cost of Fulfilling a Contract	January 1, 2022	The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract. These amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.
IFRS 16, IFRS 9, IAS 41 and IFRS 1	Annual Improvements to IFRS Standards 2018–2020	January 1, 2022	IFRS 16: The amendment removes the illustration of the reimbursement of leasehold improvements IFRS 9: The amendment clarifies that in applying the ‘10 per cent’ test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment is to be applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. IAS 41: The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. IFRS 1: The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation difference.
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. Additionally, the amendments also clarify the meaning of ‘testing whether an asset is functioning properly’.
IFRS 3	Reference to the Conceptual Framework	January 1, 2022	The amendment as a whole updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.

2. BASIS OF PREPARATION (CONTINUED)

2-5 New standards, amendments to standards and interpretations (Continued)

New standards, amendments and revised IFRS issued but not yet effective

The Group has not applied the following new and revised IFRSs and amendments to IFRS that have been issued but are not yet effective.

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 17	Insurance Contracts	January 1, 2023	This is comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005.
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023	The amendment has clarified 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 and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of a liability would not impact its classification.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements
IAS 8	Amendment to definition of accounting estimate	January 1, 2023	This amendments regarding the definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Income taxes	January 1, 2023	This amendment deals with clarification regarding accounting of deferred tax on transactions such as leases and decommissioning obligations
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognized prospectively.

The following is information about assumptions and estimates that have a material impact on the amounts reported in the consolidated financial statements:

Assumptions

Going concern

The management has evaluated the ability of the Group to continue as a going concern and believes the Group has sufficient recourses to continue its business in the near futurethe management is not aware of any material uncertainties that may cast doubt on the Group's ability to continue as a going concern.

Investment entity, determination of control and consolidation of financial statements

An investment entity is an entity that: (a) obtains funds from one or more investors for the purpose of providing those investors with investment management services; (b) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

According to the exception in "IFRS 10 Consolidated Financial Statements" for investment entities, an investment entity shall not consolidate its subsidiaries or apply IFRS 3 when it obtains control of another entity. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit or loss. The Group is also a fund manager for a number of investment funds. When determining whether the Group controls these investment funds, the Group usually focuses on the Group 's overall economic interests in the fund (which are expected management fee and any other gains). As the investor has the right to remove the fund manager, therefore, the Group concluded that it acts as an investor agent in all cases and did not consolidate these Funds in the financial statements.

Use of estimates

Estimate useful lives of property, plant and equipment and intangible assets

Management reviews the useful lives of property, plant and equipment to calculate depreciation and amortization. These estimates are determined after taking into account the expected use of assets, obsolescence and damage. The management reviews the residual value and useful lives annually and changes in depreciation expenses in current and future periods, if any.

Impairment of Non-Financial Assets

Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates (Continued)

Impairment of Financial Assets

The Group recognizes allowances for expected credit losses (“ECL”) for financial assets Provision rates are originally determined on the basis of historical observed default rates. The Group evaluates historical information to adjust the historical credit loss calculation with information that indicates expected rates in the future. At each reporting date, historical observed default rates are updated and changes in forward-looking estimates are analysed. An assessment of the correlation between historical observed default rates, expected economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast economic conditions. Also, the calculation of the Group's historical losses and expected economic conditions may not represent the client's actual default in the future. Information about expected credit losses on the Group's financial assets has been disclosed.

Determining the lease term for contracts with the option of renewal and termination-the Group as a lessee

The Group defines the term of the lease as the non-cancellable term in relation to the contract, with any periods including the option to extend the contract if the Group is certain to exercise the option to extend, or any periods including the option to terminate the lease if the Group is certain it will not exercise the option to terminate the contract reasonably. Generally, the Group has several lease contracts that include extension and termination options. The Group applies the judgments in assessing whether or not it has reasonable certainty that it will exercise the option to renew or terminate. Therefore, it takes into account all relevant factors that create an economic incentive to exercise either the renewal or termination option. After the commencement date, the Group reassesses the lease term and whether there is a material event or change in circumstances within its control that affects its ability to exercise (or not exercise) the option to renew or terminate.

Leases - estimate the incremental borrowing rate

The Group cannot easily determine the commission rate implicit in leases and therefore uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the rate of commission that a Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment, over a similar period and with a similar security. The incremental borrowing rate therefore reflects the amount the Group may have to pay which requires estimation when there are no rates.
observable is available, or when it needs to be adjusted to reflect the terms and conditions of the lease, the Group estimates the incremental borrowing rate using observable inputs (such as market profit margin rates) when available and entity-specific estimates should be made.

Benefits and defined benefit plans (employee benefits)

Post-employment defined benefits and the current value of those benefits are determined actuarial valuations. Actuarial valuation include further assumptions regarding variables are required such as discount rates, rate of salary increase and return on assets, mortality rates,increase in future pensions. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit liability is highly sensitive to changes in these assumptions. All actuarial assumptions are reviewed at the date of every consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates (Continued)

Fair value measurment

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

An entity shall measure the fair value of an asset or a liability 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.
For reporting, determining fair value of assets and liabilities, and disclosure purposes, the Group uses the following hierarchy:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity has access to at the measurement date.

Level 2: Inputs other than the prices displayed within the first level that can be observed for the assets or liabilities, directly or indirectly, such as the fair value shown in the financial statements of the funds.

Level 3: unobservable inputs for assets and liabilities, and the Group relies on proving the investments at cost.

Classification of assets and liabilities from "current" to "non-current"

The Group presents assets and liabilities in the statement of financial position on a current / non-current basis. The assets are current as follows:

- When it is expected to be realized or is intended to be sold or consumed during the normal cycle of operations.
- If it is acquired primarily for the purpose of trading.
- When it is expected to be achieved within twelve months after the fiscal year, or
- When they are cash and cash equivalents, unless there are restrictions on their replacement or use to pay any liabilities for a period of not less than twelve months after the financial year.

All other assets are classified as "non-current".

All liabilities are current as follows:

- When it is expected to be paid during the normal business cycle
- If it is acquired primarily for the purpose of trading.
- When it matures within twelve months after the fiscal year, or
- When there is no unconditional right to defer the payment of liabilities for a period of not less than twelve months after the financial year.

All other liabilities are classified as "non-current".

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments
Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Group determines the classification of its financial assets at initial recognition. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

A) Classification

The financial assets are classified in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those to be measured at amortized cost.

For assets measured at fair value, gains and losses will either be recorded in the profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

B) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the profit or loss as incurred.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies debt instruments at amortized cost based on the below:
- The asset is held within a business model with the objective of collecting the contractual cash flows, and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and commision on the principal outstanding.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). Employee and other related party loans are carried at amortized cost.

Definition of default
In the above context, the Fund considers default when:

- the customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the customer is more than 360 days past due on any material credit obligation to the Group. As the industry norm suggests that such a period fairly represents the default scenario for the Group, this rebuts the presumption of 90 days mentioned in IFRS 9.

The carrying amount of the asset is reduced using the above model and the loss is recognized in the consolidated statement of profit or loss. Receivables, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced. If a write-off is later recovered, the recovery is recognized under other income in the consolidated statement of profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Financial Instruments (Continued)

Equity instruments

If the Group elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognized in the profit or loss as other income when the Groups' right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss shall be recognized in other gain/(losses) in the statement of profit or loss as applicable.

Second: Financial liabilities

Financial liabilities (including loans and accounts payable) are measured subsequently at mortised cost using the effective interest method.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of disposed financial liabilities and amount paid is charged to the consolidated statement of profit or loss.

Effective interest rate method

The effective interest method is an accounting practice used for calculating the amortized cost of a debt instrument and for distributing interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (Including all fees and points paid or received, which form an integral part of the effective interest rate, transaction costs, installments or other discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Cash and cash equivalent

Cash and bank balances comprise cash on hand, bank balances, and bank Murabaha that can be converted into cash with original maturity of three-months or less from the acquisition date.

Related parties

Related party is the person or entity associated with the Group that prepares its financial statements.

A) If the person or a member of his family is closely related to the Group whose financial statements are prepared:

- Has joint control or control over the Group preparing its financial statements;
- It has a material impact on the Group preparing its financial statements. or
- He is a member of the top management of the Group whose financial statements are prepared or the parent Group of the Group that prepares its financial statments.

B) If the facility is related to the Group that prepares its financial statements if any of the following conditions are fulfilled:

- The establishment and the Group that prepares its consolidated financial statements are members of the same Group (which means that both the parent Group, subsidiaries and associates have a relationship with the other).
- One of the two companies is an associate or a joint venture of the other Group (or an associate or a joint venture of a member of the Group of which the other Group is a member).
- Both companies are joint ventures of the same third party.
- One of the two companies is a joint venture of a third Group and the other Group is an associate of the third Group.
- The Group is jointly controlled or controlled by a person specified in Paragraph (a).
- The person identified in paragraph (a) (1) has a material influence on the Group or is a member of the top management in the Group (or the parent company).
- The Group or any member of the Group provides part of the services of senior management employees of the Group that prepares its consolidated financial statements or to the parent Group of the Group that prepares its financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment are stated at cost less accumulated depreciations. Expenditures on maintenance and repairs are expensed, while expenditures for improvements are capitalized. Depreciation is computed using the straight line method based on the estimated useful lives of the assets. Lands are not depreciated. Leasehold improvements are being amortized on the straight-line basis over the shorter of useful life or lease period. Sold or disposed asset and its accumulated depreciation are written-off at the date of sale or disposal.

The annual estimated rates of depreciation of the principal classes of assets are as follows:

Item	Annual depreciation rate
Leasehold improvement	14% or lease period (whichever is less)
Furniture and fixture	20%
Office equipment	20%
IT equipment	25%
Telecom networking equipment	25%
Vehicle	20%

Intangible assets

Purchased intangible assets are recorded at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized over its estimated useful life which is five years using the straight-line method. If there is an indication of a significant change in the useful life or residual value of these assets, the impairment is adjusted to reflect new projections.

The annual amortization rates for the Intangible assets is 14%.

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately as expenses in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately as revenue in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Evaluation
The Group invests in various securities, including shares traded, open-ended funds and other investment funds, including real estate funds. Traded shares are evaluated based on market prevailing prices, while open-ended investment funds are valued based on the net value of the fund's assets, which are periodically published in the stock market. For real estate funds, investments are based on net value of the fund's adjusted assets to assess the real estate assets involved. Investments in subsidiaries are usually valued based on the final evaluation of the investee Group if the subsidiary was established solely to make those investments. In the case of other non-traded investments, the management uses a variety of methods including the market method (i.e. using latest transactions carried out based fair terms, amended when necessary, and based on current market value of similar instruments), Income method (i.e. discounted cash flow analysis, comparable Group multiples and options pricing options using available and supported market comparisons in a reasonable and reasonable way). Currently, these investments consist of some dormant subsidiaries which are valued based on their net asset value. The foregoing requires significant estimates and assumptions to be used by management.

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

Managed assets
The Group provides asset management services.These assets are not treated as assets of the Group and accordingly are not included in the financial statements.

Clients' money
Clients' money are not treated as assets of the Group and accordingly are not included in the consolidated financial statements.

Lesses

a) Group as a lessee

The Group establishes the asset (right of use) and lease liability on the start date of the lease contract. The asset (right of use) is initially measured at the cost that consists of the initial amount of the modified lease obligation for any lease payments made on or before the start date. (right to use) or the end of the lease term, whichever is earlier. The estimated useful lives of (right-of-use) assets are determined on the same basis used for property and equipment. In addition, the asset (right to use) is periodically reduced by impairment losses, if any.
The lease commitment is initially measured at the present value of lease payments that were not paid at the commencement date of the lease and discounted using the interest rate implicit in the lease agreement or if that rate is difficult to determine reliably, the Group uses the additional borrowing rate.

Short-term and low-value leases
The Group has chosen not to prove the assets (right to use) and lease obligations for short-term leases of 12 months or less and low-value lease contracts, the Group recognizes the lease payments associated with these contracts as expenses in the statement of profit or loss on a straight-line basis over a period. lease.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employees' defined benefit obligations

End of service indemnities
The end-of-service indemnity provision is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur and are not charged to the consolidated statement of profit or loss.

Retirement benefits
The Group makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. These payments are expensed when incurred.

Short-term employee benefits
Liabilities recognized in respect of short-term employee benefits related to wages and salaries , annual leave and sick leave are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of short-term employee benefits are measured at the un-discounted amount of the benefits expected to be paid in exchange for the related service.

Accounts payable and accruals
Liabilities are recognized for amounts to be paid in the future for goods or service received, whether billed or not by suppliers.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Offset
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position 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 settle the liability simultaneously.

Foreign currency translation
Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Zakat and corporate income tax

The Group's Saudi and GCC shareholders are subject to Zakat in accordance with the Regulations of the Authority of Zakat, Tax and Customs Authority (ZATCA)as applicable in the Kingdom of Saudi Arabia. The zakat charge is computed on the zakat base. An estimate of zakat arising there from is provided as a charge in the profit or loss.

The Group's foreign shareholders are subject to corporate income tax in accordance with Regulations of "ZATCA" as applicable in the Kingdom of Saudi Arabia. Corporate income tax is computed on adjusted net income. An estimate of corporate income tax arising thereof is provided as a charge in the consolidated statement of profit or loss.

Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Deferred Taxes

Deferred income taxes are recognized on all major temporary differences between carrying value and tax bases and are recognized during the period in which such differences arise, and are adjusted when related temporary differences are reversed. Deferred income tax assets on carry forward losses are recognized to the extent that it is probable that future taxable income will be available against which such carry-forward tax losses can be utilized. Deferred income taxes are determined using tax rates which have been enacted by the consolidated statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Revenue recognition

The Group realizes revenue under IFRS 15 using the following five-step model:

Step 1 : Determine the contract with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and specifies the conditions that must be met for each contract.
Step.2 : Determine Performance Obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3 : Determine the transaction price	The transaction price is the amount of consideration that the Group expects to receive in exchange for transferring the goods or services promised to the customer, excluding amounts collected on behalf of third parties.
Step 4 : Allocate the transaction price	For a contract that contains more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that identifies the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation
Step 5 : Revenue recognition	A Group recognizes revenue when (or whenever) it has satisfied a performance obligation by transferring goods or services promised to the customer under the contract.

For performance obligations where one of the above conditions is not met, revenue is recognized at the time the performance obligation is satisfied. When a Group satisfies a performance obligation by providing the promised services, it creates a contract-based asset with the value of the consideration earned from performance. If the amount billed to the customer exceeds the amount of revenue recognized, a contract liability will arise. Revenue is measured at the fair value of the consideration received or receivable after taking into account specific contractual payment terms.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

The recognition criteria set out below must also be met before revenue can be recognised:

Asset Management Activities Income

Management fees for mutual funds and private portfolios are recognized as revenue in proportion to the provision of services, based on the effective service contracts. These management fees are included net of discounts and are generally calculated as a percentage of the net assets of the respective funds. The subscription fee is recognized upon subscription.

Performance fees are included net of discounts and are calculated as a percentage of the consideration in the fund's net asset value (NAV) above a specified threshold. Performance fees are earned from some arrangements when contractually agreed levels of performance are exceeded during specified performance measurement periods, usually over one year. Fees are recognized when they can be reliably estimated and/or concentrated.

Fund subscription fees

The obligation to pay the subscription fee represents an assignment of certain units in the funds to the account of the investor, bearing in mind that this happens as soon as the approved subscription model is implemented, and therefore the Group is rightfully aware of the revenue in exchange for the subscription fee at the time of fulfillment of the performance obligation.

Dividends income

Dividends are recognized when the right to receive them is established.

Other income

Other income is recorded when earned.

Expenses

All expenses not directly related to making profits are classified as general and administrative expenses, except for employees' salaries and benefits, which are presented separately.

4. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash in hand	**15,000**	15,000
Cash at bank – current accounts	**4,147,594**	18,105,708
	4,162,594	18,120,708

5. INVESTMENTS CARRIED AT FVPL

	31 December 2022	31 December 2021
Investment funds – close ended	**252,938,004**	215,374,260
Investment funds – open ended	**-**	3,372,864
Discretionary portfolio	**-**	35,542,630
Total	**252,938,004**	254,289,754

a) Investment Funds – close ended:

As at 31 December 2022	2021	Additions/ (disposal), net	Unrealized gain / (loss)	2022
MEFIC PORTO Development Fund	**13,108,443**	**-**	**(1,067,197)**	**12,041,246**
Riyadh City Logistics Fund	**-**	**1,000,000**	**(72,895)**	**927,105**
MEFIC Tower Fund	**31,794,957**	**-**	**8,248,312**	**40,043,269**
MEFIC Private Equity Opportunity Fund	**69,856,346**	**-**	**13,149,488**	**83,005,834**
MEFIC Private Equity Opportunity Fund 2	**7,215,980**	**-**	**(1,468,718)**	**5,747,262**
MEFIC Private Equity Opportunity F&B	**22,526,599**	**-**	**5,270,058**	**27,796,657**
MEFIC Private Equity Opportunity Fund 3	**1,445,640**	**-**	**285,220**	**1,730,860**
MEFIC Private Equity Opportunity Fund 5	**63,285,630**	**-**	**11,578,240**	**74,863,870**
MEFIC Private Equity Opportunity Fund 6	**6,140,665**	**-**	**641,236**	**6,781,901**
	215,374,260	**1,000,000**	**36,563,744**	**252,938,004**

As at 31 December 2021	2020	Additions/ (disposal), net	Unrealized gain / (loss)	2021
MEFIC Real estate income fund (Jeser)	646,452	(646,452)	-	-
MEFIC PORTO Development Fund	14,509,805	-	(1,401,362)	13,108,443
MEFIC Tower Fund	26,158,503	-	5,636,454	31,794,957
MEFIC Private Equity Opportunity Fund	51,626,840	-	18,229,506	69,856,346
MEFIC Private Equity Opportunity Fund 2	7,203,030	(460,661)	473,611	7,215,980
MEFIC Private Equity Opportunity F&B	15,976,824	-	6,549,775	22,526,599
MEFIC Private Equity Opportunity Fund 3	1,116,384	-	329,256	1,445,640
MEFIC Private Equity Opportunity Fund 5	47,210,228	-	16,075,402	63,285,630
MEFIC Private Equity Opportunity Fund 6	-	4,250,000	1,890,665	6,140,665
	164,448,066	3,142,887	47,783,307	215,374,260

5. INVESTMENTS CARRIED AT FVPL (CONTINUED)

b) Investment Funds – open ended (Continued)

As at 31 December 2022	2021	Additions/ (disposal), net	Unrealized gain / (loss)	2022
MEFIC Saudi Freestyle Equity Fund	**3,372,864**	**3,372,864**	**-**	-

As at 31 December 2021	2020	Additions/ (disposal), net	Unrealized gain / (loss)	2021
MEFIC Murabaha Fund SAR	5,000,000	(5,000,000)	-	-
MEFIC Saudi Freestyle Equity Fund	3,000,000	-	372,864	3,372,864
	8,000,000	(5,000,000)	372,864	3,372,864

c) Discretionary Portfolio:

As at 31 December 2022	2021	Additions/ (disposal), net	Unrealized gain / (loss)	2022
Equity Securities – Quoted	**35,542,630**	**(35,542,630)**	**-**	-

As at 31 December 2021	2020	Additions/ (disposal), net	Unrealized gain / (loss)	2021
Equity Securities – Quoted	9,919,854	26,918,771	(1,295,995)	35,542,630

The above mentioned financial investments have been presented in the consolidated statements of financial position as follows:

	31 December 2022	31 December 2021
Non-current assets	**252,938,004**	250,916,890
Current assets	**-**	3,372,864
	252,938,004	254,289,754

6. INVESTMENTS CARRIED AT FVOCI

This represent investment in unquoted shares of Marsa Al-Seef Investment Group Limited, registered in Cayman Island. The Group was established with the principal aim of investing in Marsa Al-Seef project, a real estate development in the Kingdom of Bahrain. The Group has taken an irrevocable option to account for these equity securities at fair value through other comprehensive income. During the year ended 31 December 2020, the Group has impaired the entire balance of SR 11,798,902.

7. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the shareholder, associates and affiliated companies, other entities related to consolidated subsidiaries and key management personnel of the Group. Terms and conditions of these transactions are approved by the Group's management

A) The major transaction with related parties are as follows:

Nature of relationship	*Nature of transaction*	*For the year ended* **31 December 2022**	31 December 2021
Funds managed by MEFIC Capital	management and subscription fees	**31,878,206**	16,101,879
	Facility arrangement fee	**-**	110,870
	Lease arrangement fees	**-**	425,325
	Dividend Income	**2,166,542**	208,698
	Finance*	**31,433,550**	1,700,000
Board of directors	Board remuneration	**(1,630,500)**	(182,000)
Key management personnel	Short term benefits	**(6,338,454)**	(7,531,494)

B) In addition to above related party balances, following are the balances with related parties at the reporting date:

Nature of relationship	*Nature of relationship*	**31 December 2022**	31 December 2021
Funds managed by MEFIC Capital	Finance*	**29,333,524**	-
	Accrued management fees**	**57,764,814**	35,432,222
	payment on behalf	**123,287**	-
Board of directors	Accrued fees	**(468,500)**	**(41,000)**

* During the year ending 31 December 2022, The Group has given loans to some of the above funds managed by the Group to support its operational business These loans do not carry any financing burdens. The balances related to this financing have been included in the item due from related parties in the consolidated statement of financial position net of loss allowances of Saudi riyals 400,026 provided during the current year.

**Accrued management fees are included within accrued income and other assets in the consolidated statement of financial position

1) Units held in the funds managed by the Group included under investments are as follows:

	31 December 2022	31 December 2021
	Number of Units	
MEFIC PORTO Development Fund	**3,229**	3,229
MEFIC Tower Fund	**24,266**	24,266
MEFIC Private Equity Opportunity Fund	**53,487**	53,487
MEFIC Private Equity Opportunity Fund 2	**10,000**	10,000
MEFIC Fund for Private Equity F&B Opportunities Fund	**16,741**	16,741
MEFIC Private Equity Opportunity Fund 5	**24,457**	24,457
MEFIC Private Equity Opportunity Fund 3	**675**	675
MEFIC Private Equity Opportunity Fund 6	**4,250**	4,250
Riyadh Logistics City Fund	**1,000**	-

7. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

2)Percentage holdings in these funds managed by the Group are as follows:

	31 December 2022	31 December 2021
	Percentage % holdings	
MEFIC PORTO Development Fund	**13.56%**	**13.55%**
MEFIC Tower Fund	**42.88%**	**42.88%**
Riyadh Logistics City Fund	**0.16%**	**-**
MEFIC Private Equity Opportunity Fund	**40.32%**	**40.32%**
MEFIC Private Equity Opportunity Fund 2	**22.35%**	**22.35%**
MEFIC Fund for Private Equity F&B Opportunities Fund	**31.51%**	**31.51%**
MEFIC Private Equity Opportunity Fund 5	**41.92%**	**41.92%**
MEFIC Private Equity Opportunity Fund 3	**1.20%**	**1.20%**
MEFIC Private Equity Opportunity Fund 6	**14.53%**	**14.53%**

8. ACCRUED INCOME AND OTHER ASSETS, NET

	31 December 2022	31 December 2021
Accrued management fees and other income	**67,970,783**	45,810,523
Receivable from employees	**889,022**	1,358,958
VAT	**838,302**	-
prepaid expenses*	**7,924,553**	428,259
Other current assets*	**16,530,193**	12,873,356
Expected credit loss	**(21,419,035)**	(21,156,473)
	72,733,818	39,314,623

* During the current year, the Group under a referral agreement paid an amount equivalent to the half of the estimated management fees from one of the managed funds of the Group for the next three years and management fee of one year from an investment portfolio that shall be transferred to the group in an event of receiving the management of the Fund. During the year 2021, the Group obtained management of the fund and the investment portfolio and accordingly the Group paid the amount of 13.3 million Saudi riyals as management fee from the Fund as referral fee and amortized the payments over three years. Further, the amount of 4.80 million Saudi Riyals was paid as referral fee being expected management fee from the investment portfolio and is included as a part of Other current assets in above.

The Group measures the loss allowance for Accrued management fees and other income at an amount equal to lifetime expected credit losses (ECL). The ECL on Accrued management fees and other income are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

In the assessment of expected credit losses, the Group considers fair value of the underlying investments being collateral to the receivables and adjust the ratio of loss given defaults accordingly.

c) The movement on provision of management and of other income during the year as follows:

	31 December 2022	31 December 2021
Balance beginning of the year	**21,156,473**	10,787,967
Expected credit loss expenses	**3,918,410**	12,099,254
Reversal of Expected credit loss expenses during the year	**(3,655,848)**	(1,730,748)
Balance at end of the year	**21,419,035**	21,156,473

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture and fixtures	Office tools and equipment	IT equipment	Telecom network equipment	Vehicles	Work in progress	Total
Cost								
On 1 January	**3,455,169**	**1,495,485**	**1,095,781**	**1,454,623**	**6,340,756**	**1,236,962**	**3,056,987**	**18,135,763**
Additions during the year	**18,000**	**40,451**	**283,571**	**29,650**	**22,500**	**32,400**	**203,677**	**630,249**
Transfers during the year	**2,703,359**	**140,397**	**228,262**	**-**	**188,646**	**-**	**(3,260,664)**	**-**
disposals	**-**	**-**	**-**	**-**	**-**	**(459,850)**	**-**	**(459,850)**
Balance at 31/12/2022	**6,176,528**	**1,676,333**	**1,607,614**	**1,484,273**	**6,551,902**	**809,512**	**-**	**18,306,162**
Accumulated Depreciation								
On 1 January	**3,430,632**	**1,477,272**	**1,094,022**	**1,433,514**	**6,294,162**	**524,605**	**-**	**14,254,207**
Charge for the year	**245,199**	**28,044**	**51,989**	**19,928**	**74,100**	**160,283**	**-**	**579,543**
disposals	**-**	**-**	**-**	**-**	**-**	**(459,850)**	**-**	**(459,850)**
Balance at 31/12/2022	**3,675,831**	**1,505,316**	**1,146,011**	**1,453,442**	**6,368,262**	**225,038**	**-**	**14,373,900**
Net book value:								
As of 31 December 2022	**2,500,697**	**171,017**	**461,603**	**30,831**	**183,640**	**584,474**	**-**	**3,932,262**

	Leasehold improvements	Furniture and fixtures	Office tools and equipment	IT equipment	Telecom network equipment	Vehicles	Work in progress	Total
Cost								
On 1 January	3,455,169	1,495,485	1,095,781	1,447,723	6,340,756	459,847	560,501	14,855,262
Additions during the year	-	-	-	6,900	-	777,115	3,017,964	3,801,979
Transfers during the year	-	-	-	-	-	-	(521,478)	(521,478)
Balance at 31/12/2021	3,455,169	1,495,485	1,095,781	1,454,623	6,340,756	1,236,962	3,056,987	18,135,763
Accumulated Depreciation								
On 1 January	3,389,424	1,466,030	1,089,527	1,403,616	6,238,377	459,846	-	14,046,820
Charge for the year	41,208	11,242	4,495	29,898	55,785	64,759	-	207,387
Balance at 31/12/2021	3,430,632	1,477,272	1,094,022	1,433,514	6,294,162	524,605	-	14,254,207
Net book value:								
As of 31 December 2021	24,537	18,213	1,759	21,109	46,594	712,357	3,056,987	3,881,556

10. INTANGIBLE ASSETS, NET

This item consists of cost and accumulated amortization are as follows:

	Software & Licenses	
Cost	**2022**	**2021**
Balance at 1 January	**12,827,248**	12,195,334
Additions	**-**	110,435
Disposal	**(4,435)**	-
Transfers during the year	**-**	521,479
Balance as of 31 December	**12,822,813**	12,827,248
Accumulated amortization		
Balance at 1 January	**10,959,181**	10,434,971
Charge for the year	**488,437**	524,210
Balance as of 31 December	**11,447,618**	10,959,181
Net book value, net		
Balance as of 31 December	**1,375,195**	1,868,067

11. BUILDING UNDER CONSTRUCTION, NET

	31 December 2022	31 December 2021
Balance at 1 January	**70,882,879**	70,882,879
Addition	**1,846,583**	-
Balance as of 31 December	**72,729,462**	70,882,879
Impairment		
Balance at 1 January	**(8,435,879)**	-
Addition for the year	**(3,800,000)**	(8,435,879)
Balance as of 31 December	**(12,235,879)**	(8,435,879)
Net book value, net		
Balance as of 31 December	**60,493,583**	62,447,000

During 2020, MEFIC REIT transferred a property (Plaza 2) to the group and the piece of leased land as settlement of amount due. The transfer amount of the property and the land amounting to SR 70.8 million. The related land was recognized under IFRS 16 at 29 April 2020

12. DEFERRED TAX ASSET

Deferred tax asset relates to the following

	31 December 2022	31 December 2021
Provision for expected credit losses	**422,281**	262,340
Employees benefits obligation	**66,156**	165,720
Property and equipment	**(8,496)**	(26,033)
	479,941	402,027

The movement during the year on this account was as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	**402,027**	204,029
Charge for the year	**77,914**	197,998
Balance at the end of the year	**479,941**	402,027

13. RIGHT OF USE ASSETS AND LEASE LIABILITY

A) Movements on Right of Use Assets

Cost	**Land**	**Office**	**Total**
Balance 01 January	**28,424,929**	**6,126,594**	**34,551,523**
Additions during the year	**-**	**3,333,354**	**3,333,354**
Balance as at 31 December	**28,424,929**	**9,459,948**	**37,884,877**
Accumulated depreciation			
Balance as at 01 January	**(2,871,205)**	**(714,769)**	**(3,585,974)**
Charge for the year	**(1,722,723)**	**(751,550)**	**(2,474,273)**
Balance as at 31 December	**(4,593,928)**	**(1,466,319)**	**(6,060,247)**
Closing balance as at December 31, 2022	**23,831,001**	**7,993,629**	**31,824,630**

Cost	**Land**	**Office**	**Total**
Balance 01 January	28,167,005	6,126,594	34,293,599
Additions during the year	985,043	-	985,043
Advance payment adjustments for structuring fees	(727,119)	-	(727,119)
Balance as at 31 December	28,424,929	6,126,594	34,551,523
Accumulated depreciation			
Balance as at 01 January	(1,173,624)	(102,110)	(1,275,734)
Charge for the year	(1,697,581)	(612,659)	(2,310,240)
Balance as at 31 December	(2,871,205)	(714,769)	(3,585,974)
Closing balance as at December 31, 2021	25,553,724	5,411,825	30,965,549

B) Movements on Lease Liability

	Land	**Office**	**Total**
Balance at beginning of the year	**26,878,982**	**5,648,632**	**32,527,614**
Addition during the year	**-**	**3,333,354**	**3,333,354**
Financing cost	**1,055,000**	**354,045**	**1,409,045**
Paid during the year	**(2,070,000)**	**(411,016)**	**(2,481,016)**
Closing balance as at December 31, 2022	**25,863,982**	**8,925,015**	**34,788,997**

	Land	**Office**	**Total**
Balance at beginning of the year	26,378,025	5,766,680	32,144,706
Addition during the year	1,162,507	-	1,162,507
Financing cost	1,138,450	292,968	1,431,418
Paid during the year	(1,800,000)	(411,016)	(2,211,017)
Closing balance as at December 31, 2021	26,878,982	5,648,632	32,527,614

13. RIGHT OF USE ASSETS AND LEASE LIABILITY(CONTINUED)

B) Movements on Lease Liability

The above mentioned lease liabilities have been presented in the consolidated statements of financial position is as follows:

	31 December 2022	31 December 2021
Current portion of lease liabilities	**3,957,717**	2,892,031
Non-current portion of lease liabilities	**30,831,280**	29,635,583

Amount Recognize in statement of income

	31 December 2022	31 December 2021
Depreciation of right of use assets	**2,474,273**	2,310,240
Finance cost of lease liability	**1,409,045**	1,431,418
Expenses relating to short-term leases	**430,181**	1,153,348

Amount Recognize in cash flow

	31 December 2022	31 December 2021
Paid during the year	**2,481,016**	2,211,017

14. ISLAMIC FACILITY

	31 December 2022	31 December 2021
Balance at 1 January	**4,289,727**	-
Additions	**20,000,000**	4,289,727
Paid during the year	**(4,289,727)**	-
Total	**20,000,000**	4,289,727
Deducted: the deferred financing cost during the year	**-**	-
Add: Finance cost accrued during the year	**112,985**	-
	20,112,985	4,289,727

Facility 1:

The Group obtained margin lending from a local bank in the amount of SR.10 million (until 31 December 2021 amount of SR.4,289,727 was utilized) at special commission rates SIBOR+ market rate for the purpose of buying and selling in local shares in accordance with the following conditions and guarantees:

- Mortgaging the entire investment portfolio.
- A promissory note for the full value of the facilities

Facility 2:

The Group signed a credit facility agreement, using the Islamic tawarruq, with a local bank on September 9, 2020, with a limit of 20 million Saudi riyals, to finance the Group's operations. As of 31 December 2022, the Group used an amount of 20 million Saudi riyals from the financing agreement. The financing costs are paid on a monthly basis, and the loan principal was not paid until December 31, 2022, the Facility is subject to commotion SAIBOR 1 + 3% per annum

15. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2022	31 December 2021
VAT payable	**2,963,581**	312,405
Salaries and employee related	**2,545,104**	2,182,030
Professional fees	**1,297,585**	1,096,238
Dividend guarantee (note 23)	**483,520**	527,876
Shariah purification expenses	**468,684**	437,523
GOSI	**98,291**	88,224
IT maintenance expenses	**325,516**	507,301
Others	**1,064,674**	500,402
	9,246,955	5,651,999

16. ZAKAT AND INCOME TAX PROVISION

The Group has recognized Zakat and Income Tax provision for the year in accordance with Saudi Arabian Zakat and Income Tax Regulations and recognized in the consolidated statements of profit or loss. Breakup of provision for Zakat and Income Tax in the consolidated statement of financial position are as follows:

	31 December 2022	31 December 2021
Zakat provision	**37,946,914**	36,615,061
Income Tax provision	**198,106**	107,008
	38,145,020	36,722,069

The details of provisions for Zakat and Income Tax provision in the consolidated statement of profit and loss is as follows:

	31 December 2022	31 December 2021
Zakat provision	**2,752,613**	3,944,256
Income Tax provision	**91,098**	-
	2,843,711	3,944,256

a) The movement of zakat provision for the year ended December 31 is as follows:

	31 December 2022		
	Company	**Subsidiary**	**Total**
Balance at the beginning of the year	**34,048,835**	**2,566,226**	**36,615,061**
Payment during the year	**(825,923)**	**(594,837)**	**(1,420,760)**
Charge for the year	**2,112,086**	**640,527**	**2,752,613**
	35,334,998	**2,611,916**	**37,946,914**

	31 December 2021		
	Company	**Subsidiary**	**Total**
Balance at the beginning of the year	31,820,361	2,785,327	34,605,688
Payment during the year	(1,212,213)	(722,670)	(1,934,883)
Charge for the year	3,440,687	503,569	3,944,256
	34,048,835	2,566,226	36,615,061

b) The movement in the income tax provision is as follows:

	31 December 2022		
	Company	**Subsidiary**	**Total**
Balance at the beginning of the year	**106,452**	**556**	**107,008**
Payment during the year	**-**	**-**	**-**
Charge for the year	**91,098**	**-**	**91,098**
	197,550	**556**	**198,106**

16. ZAKAT AND INCOME TAX PROVISION (CONTINUED)

	31 December 2021		
	Company	**Subsidiary**	**Total**
Balance at the beginning of the year	106,452	231,155	337,607
Payment during the year	-	(230,599)	(230,599)
Charge for the year	-	-	-
	106,452	556	107,008

The following are the significant components of the Zakat base of the Saudi and GCC shareholders for the year ended 31 December 2022:

	Company	Subsidiary
Share capital	**300,000,000**	**100,000,000**
Statutory reserve	**39,071,200**	**9,133,140**
Accumulated (losses)	**-**	**(25,630,306)**
Book value of long-term assets	**(334,132,200)**	**(60,493,583)**
Opening provisions and other adjustments	**82,410,589**	**3,480,953**
Zakat base	**87,349,589**	**26,490,204**
Saudi & GCC shareholders' (93.80%) Zakat base	**(5,415,657)**	**(1,642,393)**
Zakat base after adjustment Saudi & GCC Shareholders	**81,933,932**	**24,847,811**
Zakat amount at the rate of 2.5778%	**2,112,086**	**640,527**

for the year ended 31 December 2021:

	Company	Subsidiary
Share capital	400,000,000	100,000,000
Statutory reserve	12,917,626	9,133,140
Accumulated (losses)	(93,535,638)	(12,669,472)
Book value of long-term assets	(195,609,010)	(70,888,279)
Opening provisions and other adjustments	18,523,139	(4,739,352)
Zakat base	142,296117	20,826,037
Saudi & GCC shareholders' (93.80%) Zakat base	(8,822,359)	(1,291,214)
Zakat base after adjustment Saudi & GCC Shareholders	133,473,758	19,534,823
Zakat amount at the rate of 2.5778%	3,440,687	503,569

c) Zakat and tax assessments:

The Company

The Company has submitted its zakat and corporate income tax returns for financial years from 2007 through 2021 with the Zakat, Tax and Customs Authority ("ZATCA") and has received restricted certificate valid up to 30 April 2023.

16. ZAKAT AND INCOME TAX PROVISION (CONTINUED)

The company has received final assessments for the years 2008 till 2013 and for year 2018 wherein the ZATCA has raised additional demands aggregating to SAR 43.27 million. The Company paid SAR 1.67 million of the additional liability pertaining to years 2008-11 and filed an appeal against the remaining liability of SR 17.97 million to Higher Appellate Committee ("HAC"); a bank guarantee of SAR 17.97 million was submitted to then Zakat and Tax and Customs Authority ("ZATCA") as required by the zakat and corporate income tax laws of the Kingdom of Saudi Arabia. The appeal for years 2008-11 from HAC was then referred to General Secretariat of Tax Committees ("GSTC") post dissolution of HAC. However, a provision of SAR 17.97 million was provided as of 31 December 2020 against this guarantee provided to GAZT on prudent basis without prejudice to the merit of the pending legal case and rights of each party to remain same until a settlement is reached between ZATCA and the Company or the final decision is received on the same from GSTC otherwise. The Company is also formally contesting the assessments received for years 2012-13 with GSTC.

During 2020, the Company received the final assessment for year 2014 in which the ZATCA has raised the additional demand of SAR 2.45 million. The management had filed an appeal with GSTC post rejection of their appeal by ZATCA for the said year.

These additional exposure of SR 45.73 million for years 2008-14 and year 2018 was on account of disallowance of long-term investments and other disallowances by ZATCA. The total provisions of SAR 33.15 million was provided as of 31 December 2020 which represented the Company's best estimates of its liability towards ZATCA. However, during the current year, the company resubmitted the revised zakat and tax declaration for 2018 under the initiatives announced by ZATCA for new regulations. Following the acceptance of the revised declaration for 2018 by ZATCA, the appeal filed with GSTC for earlier assessment raised for 2018 was withdrawn by the company. The revised declaration is pending for final assessment with ZATCA.

During 2021, the Company received the final assessments for years 2015 till 2017 from ZATCA raising additional demand aggregating to SAR 11.04 million on account of disallowance of long-term investments and other disallowances from the zakat base. The management had filed an appeal with GSTC post rejection of their appeal by ZATCA for these years. The Company has provided the provisions of SAR 6.62 million on prudent basis for these years assessed by ZATCA.

The Subsidiary

The Subsidiary has filed its Zakat and corporate income tax returns for the years from establishment date up to and including the financial year 2021 with the Zakat, Tax and Customs Authority (the "ZATCA") and has received restricted certificate valid up to 30 April 2023.

During 2020, the Subsidiary received the final assessments for the years 2015 to 2018 from ZATCA raising the additional demand of SAR 2.89 million. These additional exposure was on account of disallowance of long-term investments from the zakat base by ZATCA. However, the Subsidiary has booked the total provisions of SAR 2.33 million as of 31 December 2020 for these years assessed by ZATCA. During 2021, the Subsidiary had filed the formal objection with General Secretariat of Tax Committees ("GSTC") after the rejection of its appeal by ZATCA for years 2015, 2016 and 2017 and has settled the liability for year 2018 with ZATCA by paying a total of SAR 0.27 million.

17. EMPLOYEES' END OF SERVICES BENEFITS

a) The movement in the defined benefit obligation during the year is as follows:

	31 December 2022	31 December 2021
Balance at beginning of the year	**4,928,683**	4,878,573
Current services cost	**555,671**	593,479
Finance charge	**88,225**	61,153
Payments and settlements during the year	**(145,144)**	(350,832)
Actuarial profits	**(92,284)**	(253,690)
Balance at the end of the year	**5,335,151**	4,928,683

17. EMPLOYEES' END OF SERVICES BENEFITS (CONTINUED)

b) The main assumptions used for actuarial valuations were as follows:

	31 December 2022	31 December 2021
Discount rate	%4.55	%1.75
Salary increase rate	%4.55	%1.75
Staff turnover rate	High	High

c) Sensitivity analysis of actuarial assumptions: Below is the effect of change in the present value:

	2022	2021
Decrease by 0.5%	**5,237,590**	4,823,792
Increase by 0.5%	**5,437,656**	5,039,985
Expected rate of salary increase		
Increase by 0.5%	**5,400,491**	5,027,087
Decrease by 0.5%	**5,272,800**	4,835,184

18. SHARE CAPITAL

The Board of Directors recommended at its meeting held on 23 Shabaan 1443H, corresponding to 27 March 2022 to the Extraordinary General Assembly to reduce the capital amounting to SR 100 million against accumulated losses and the remaining amount is to be kept in equity as general reserve.

The Company's extraordinary general assembly was held on On 22 Dhul Qaidah 1443H corresponding to 21 June 2022 and the capital reduction and the new by-laws were approved. Accordingly, as at 31 December 2022, the authorized Share capital is SR 300 million, divided into 30 million shares of SR 10 for each. Moreover, the capital reduction amounting to SR 100 million against accumulated losses as at 31 December 2021 amounting to SR 75.8 million and the remaining amount SR 24.2 million kept in equity as other reserve.

	2022			
	Percentage	**Number of shares**	**Share value**	**Capital**
GCC shareholders	**40%**	**12,000,000**	**10**	**120,000,000**
The Arab Investment Company (TAIC)	**15%**	**4,500,000**	**10**	**45,000,000**
Saudi Shareholders	**45%**	**13,500,000**	**10**	**135,000,000**
	100%	**30,000,000**		**300,000,000**

	2021			
	Percentage	Number of shares	Share value	Capital
GCC shareholders	40%	16,000,000	10	160,000,000
The Arab Investment Company (TAIC)	15%	6,000,000	10	60,000,000
Saudi Shareholders	45%	18,000,000	10	180,000,000
	100%	40,000,000		400,000,000

19. STATUTORY RESERVE

The Group is required to allocate 10% of its profit for each year to a statutory reserve. The Group may discontinue such transfers when such reserve reaches 30% of its share capital. Such reserve is not subject to distributions.

20. ASSET MANAGEMENT, SUBSCRIPTION AND ADVISORY FEES

	Asset Management	**Subscription and Advisory Fees**
2022		
Nature and timing of revenue recognition:		
At point in time	**-**	**-**
over time	**32,978,863**	**-**
	32,978,863	**-**
2021		
Nature and timing of revenue recognition:		
At point in time	-	840,410
over time	17,619,168	-
	17,619,168	840,410

21. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2022	31 December 2021
Commission fees (Note 8)	19,494,397	121,743
Professional fees	2,725,559	1,367,106
Board remuneration	1,630,500	182,000
Repairs and maintenance	1,243,329	1,126,113
Subscriptions	929,065	875,695
Guaranteed dividends	461,341	506,233
Insurance expenses	346,783	368,381
Utilities, maintenance and sundry expenses	285,267	373,160
Security services	60,000	144,000
Other	1,164,186	410,575
	28,340,427	5,475,006

22. EARNINGS PER SHARE

Earnings per share is calculated by dividing net income or loss for the year by the weighted average number of shares outstanding during the year ended 31 December 2022 for 30,000,000 shares (2021: 40,000,000 shares)

23. ASSETS UNDER MANAGEMENT

These represent the mutual funds' assets and investments managed by the Group on behalf of its customers, which amount to SR.2,863,067,025 as at 31 December 2022 (31 December 2021: SR. 2,988,727,937) Consistent with the Group's accounting policy, such balances are not audited and are not included in the Group's consolidated financial statements.

24. CONTINGENCIES AND COMMITMENTS

Contingent liabilities: There were no contingencies as at the reporting date except for the Zakat and corporate income tax assessment under consideration as disclosed in relevant notes of the financial statements.

MEFIC has guaranteed an annual dividend of up to 2% to initial cash subscribers of MEFIC REIT Fund, if the annual dividend announced by MEFIC REIT Fund falls short of 5%. Any deficiency in the annual dividend is guaranteed by MEFIC up to a rate of 2% of the deficient amount. The amount of dividend to be paid for the period up to 31 December 2022 is SR 483,520 which approximates to the corresponding 2% of the deficient amount guaranteed by MEFIC.

25. SEGMENT INFORMATION

The Group operates solely in the Kingdom of Saudi Arabia. For management purposes, the Group is organized into business units based on services provided and has the following reportable segments:

Corporate
Corporate manages future corporate development and controls all treasury related functions. All proprietary investments are included within this business segment, which also comprise strategy and business development, legal and compliance, finance, operations, human resources and client relation management.

Asset management
Asset management services include management of certain mutual funds and investments on behalf of the Group's customers. Management monitors the operating results of the operating segments separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. The Group does not track liabilities by business segment and these are accordingly disclosed as corporate liabilities.

Real Estate
Real Estate division deals with managing investment properties and devising strategies to maximize profits from capital appreciation in properties and generate rental income

Private Equity and investment banking (PE and IB)
The Group invests in private unquoted companies and makes strategies for their turnaround and to be sold in future years generating income for the Group.

The following is a statement of the segment information as of December 31, 2022, 2021:

31 December 2022	**Corporate**	**Asset management**	**Real Estate**	**PE & IB**	**Total**
Revenues					
Total revenues	**46,943,640**	**1,265,333**	**15,903,951**	**15,809,579**	**79,922,503**
Expenses					
Total expenses	**35,062,828**	**6,590,706**	**11,880,751**	**1,239,454**	**54,773,739**
Segment profit / (loss)	**11,880,812**	**(5,325,373)**	**4,023,200**	**14,570,125**	**25,148,764**
Zakat and Income Tax					**2,765,797**
Profit for the year					**22,382,967**
Total assets	108,851,735	1,394,179	111,032,306	235,995,331	457,273,551
Total liabilities	107,629,108	-	-	-	107,629,108

31 December 2022	Corporate	Asset management	Real Estate	PE & IB	Total
Revenues					
Total revenues	49,755,615	2,157,262	4,937,912	11,364,403	68,215,192
Expenses					
Total expenses	25,240,665	4,821,939	7,663,160	7,307,647	45,033,411
Segment profit / (loss)	24,514,950	(2,664,677)	(2,725,248)	4,056,756	23,181,781
Zakat and Income Tax					(3,746,258)
Profit for the year					19,435,523
Total assets	116,710,256	40,681,701	54,962,417	198,934,910	411,289,284
Total liabilities	84,120,092	-	-	-	84,120,092

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

Fair value is 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. Fair value definition includes the assumption that the Group will continue its operations where there is no intention or condition to physically limit the volume of its operations or conduct a transaction with negative terms.

Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level 1: Quoted (unadjusted) prices in an active financial market for identical assets and liabilities that can be accessed on the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, directly (prices) or indirectly (derived from prices).

Level 3: Asset or liability inputs that are not based on observable market data (unobservable inputs).

The table below presents the financial instruments at their fair values as of 31 December 2022 based on the fair value hierarchy:

	31 December 2022			
	Level 1 SR	**Level 2 SR**	**Level 3 SR**	**Total SR**
Investments carried at FVPL	**-**	**-**	**252,938,004**	**252,938,004**
Total	**-**	**-**	**252,938,004**	**252,938,004**

	31 December 2021			
	Level 1 SR	**Level 2 SR**	**Level 3 SR**	**Total SR**
Investments carried at FVPL	35,542,630	3,372,864	215,374,260	254,289,754
Total	35,542,630	3,372,864	215,374,260	254,289,754

Investments carried at fair value through profit or loss that are classified as level 2 include investments in public investment funds, the fair values of which are determined based on the last recorded net asset value (“NAV”) as of the reporting date or available fair value.

Investments carried at fair value through profit or loss classified as Level 3 include investment in private funds whose fair values are determined based on the last recorded net asset value (“NAV”) as of the reporting date.

There have been no transfers between Level 1, Level 2 and Level 3 during the reporting periods.

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial instruments in category

31 December 2022	**Amortized cost**	**FVTPL**
Cash and cash equivalents	**4,162,594**	**-**
Accrued income and other assets	**72,733,818**	-
Due from related parties	**29,333,524**	**-**
Investments carried at FVPL	**-**	**252,938,004**
Total	**106,229,936**	**252,938,004**

31 December 2021	**Amortized cost**	**FVTPL**
Cash and cash equivalents	**18,120,708**	**-**
Accrued income and other assets	**39,314,623**	**-**
Investments carried at FVPL	**-**	**254,289,754**
Total	**57,435,331**	**254,289,754**

All financial liabilities as of 31 December 2022, (31 December 2021) are classified as financial liabilities measured at amortized cost.

Financial risk factors

The Group's objective when managing risk is to create and protect shareholder value. Risks are an inherent part of the Group's activities and are managed through a process of determining their nature, measurement and continuous monitoring, according to risk limits and other control elements. The risk management process is critical to the continued profitability of the Group.

The members of the Group's Board of Directors have overall responsibility for setting up and overseeing the Group's risk management framework. The Group's risk management policies are designed to define and analyse the risks faced by the Group, to set appropriate limits and controls, and to monitor them while adhering to those limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees are aware of their roles and commitments.
The Group is exposed to the following risks arising from financial instruments:

A. Market risk
B. Credit risk
C. Liquidity risk

A. Market risk

Foreign exchange risk

Foreign currency risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency.

The Group's financial instruments are denominated in Saudi Riyal ("SAR").

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

A. Market risk (Continued)

Price risk

Price risk is the risk that the value of a Group's financial instrument will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements.

Price risk arises primarily from uncertainty about future prices of financial instruments held by the Group. The Group manager diversifies his investment portfolio and closely monitors the price movements of his investments in financial instruments. As of the financial position date, the Group had investments in equity instruments.

B. Credit risk

Credit risk is the risk that one party to a consolidated financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. The Group is exposed to credit risk on its Cash and cash equivalents, Accrued income and other assets, due from related parties and financial guarantee.

An allowance for expected credit losses is maintained which in the judgment of management, is adequate to provide for potential losses on delinquent receivables.

At each reporting date, all bank balances are assessed to have low credit risk as they are held with reputable and high credit rating domestic and international banking institutions and there has been no history of default with any of the bank balance. Therefore, the probability of default based on forward looking factors and any loss given default are considered negligible.

Due from related parties are unsecured, yield free and have no fixed repayment. No receivable balance from related parties at the reporting date are past due, taking into account the historical default experience and the future prospects of the industries in which the related parties operate, the management considers that related party balances are not impaired.

In calculating the expected credit loss allowance for accrued income and other assets and due from related parties, a provision matrix has been used based on historical observed loss rates over the expected life of the receivables adjusted for forward-looking estimates.

The Group's maximum undiscounted exposure to credit risk for the financial assets and respective expected credit loss is as follows:

	31 December 2022		**31 December 2021**	
	Exposure	**ECL**	**Exposure**	**ECL**
Cash and cash equivalents	**4,162,594**	**-**	18,120,708	-
Accrued income and other assets	**72,733,818**	**(21,419,035)**	39,314,623	(21,156,473)
Due from related parties	**29,333,524**	**-**	-	-
Financial guarantee	**10,000,000**	**-**	10,000,000	-
Total	**116,229,936**	**(21,419,035)**	67,435,331	(21,156,473)

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

B. Credit risk (Continued)

C. The aging of the Accrued management fees and other income (Note 8):

	31 December 2022		31 December 2021	
Debt ageing	**Exposure**	**allowance**	**Exposure**	allowance
0-30 days	**22,394,145**	**(124,132)**	6,737,222	(195,719)
31-60 days	**-**	**-**	-	-
60-90 days	**-**	**-**	-	-
91-180 days	**3,760,939**	**(60,732)**	3,204,830	(82,859)
180-360 days	**8,097,853**	**(214,521)**	7,737,665	(275,400)
360 days	**33,717,846**	**(9,806,584)**	28,130,806	(9,759,753)
total balance	**67,970,783**	**(10,205,969)**	45,810,523	(10,313,731)

Credit consideration

Concentrations of credit risk arise when a number of counterparties are engaged in similar activities, or activities within the same geographic region, or have similar economic characteristics due to changes in economic policies or other conditions.

At the statement of financial position date, management has not identified any significant concentrations of credit risk.

Financial guarantee

During the year 2020, MEFIC Private Equity Opportunities Fund 5 (a fund managed by the Company “The Fund”) secured a sharia financing facility line from Bank AlJazira amounting to SR 51,782,400 for the purpose of financing the asset acquisition of the Fund. Since the Fund SPV legal status was not a Joint Stock Company (“JSC”) as per the requirements of the bank, MEFIC temporarily facilitated the credit facility on behalf of the Fund until the legal status of the Fund SPV has changed to a JSC.

The outstanding withdrawal as on 31 December 2020, amounted to 10 million Saudi riyals. The loan is secured against the total assets of the fund. The company also provided a corporate guarantee for the repayment of the loan. In March 2021 the loan was transferred to the fund SPV (M/S All Forsa AlMaseyah Al Riyadeyah) with all conditions remaining the same including the repayment guarantee provided by the company and also the fund has repaid an amount of SR.2,574,800 towards the partial repayment of the loan.

Accordingly, the Group is exposed to credit risk in relation to financial guarantees given to MEFIC private equity opportunity fund 5 (Fund managed by the group). The Group’s maximum exposure in this respect is the maximum amount the Group could have to pay if the Fund defaulted. Based on the No repayment amount of the respective loan related to the financial guarantee at the reporting date is past due, taking into account the historical default experience and the Fund has positive net assets value, the management considers that the financial guarantee is not impaired.

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

D. Liquidity risk

Liquidity risk is failure to provide the necessary funds to fulfil obligations associated with the financial instrument. Liquidity risk may result from the failure to sell a financial asset quickly at an amount close to its fair value. Financial assets at the end of the year include balances with bank, investments at fair value through profit or loss, accounts receivable and due from related parties that can be used to meet changing liquidity requirements. The Group monitors expected cash flows on a regular basis to ensure that positive cash flows from operating activities are maintained to finance the Group's future obligations.
The table below summarizes the maturity profile of the Group's financial liabilities based on the expected maturities:

	31 December 2022				
	Carrying amount	**Less than 1 year**	**More than 1 year**	**No fixed maturity**	**Total**
Accrued expenses and other current liabilities	**9,246,955**	**9,246,955**	**-**	**-**	**9,246,955**
Lease Liability	**34,788,997**	**3,328,478**	**40,853,378**	**-**	**44,181,856**
Employee benefit obligations	**5,335,151**	**-**	**-**	**5,335,151**	**5,335,151**
	49,371,103	**9,246,955**	**40,853,378**	**5,335,151**	**58,737,784**

	31 December 2021				
	Carrying amount	**Less than 1 year**	**More than 1 year**	**No fixed maturity**	**Total**
Accrued expenses and other current liabilities	5,651,999	5,651,999	-	-	5,651,999
Lease Liability	32,527,614	3,328,478	44,181,856	-	47,510,334
Employee benefit obligations	4,928,683	-	-	4,928,683	4,928,683
	43,108,296	8,980,477	44,181,856	4,928,683	58,091,016

27. REGULATORY CAPITAL REQUIREMENTS AND CAPITAL ADEQUACY

a) The Capital Market Authority (the “CMA”) has issued Prudential Rules (the “Rules”) dated 30 December 2012 (corresponding to 17 Safar 1434H). According to the Rules, the CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under these Rules.
In accordance with this methodology, the Group has calculated its minimum capital required and capital adequacy ratios as follows:

	31 December 2022	**31 December 2021**
Capital Base:		
Tier 1 capital	**347,789,307**	324,899,101
Tier 2 capital	**-**	-
Total Capital Base	**347,789,307**	324,899,101
Minimum Capital Required:		
Credit risk	**263,369,570**	217,071,395
Operational risk	**12,650,999**	7,338,243
Market risk	**1,685,774**	1,835,182
Total Minimum Capital Required	**277,706,343**	226,244,820
Capital Adequacy Ratio		
Surplus in Capital	**70,082,964**	98,654,281
Capital Adequacy Ratio (times)	**1.25**	1.44

28. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Director on 6 Ramadan 1444H (corresponding to 28 March 2023).