THE FAMILY OFFICE INTERNATIONAL INVESTMENT – OWNED BY ONE PERSON
(A LIMITED LIABILITY COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT

31 December 2020

REPORT OF THE CHAIRMAN OF THE BOARD OF MANAGERS

The Chairman of the Board of Managers has pleasure to present the audited financial statements of The Family Office International Investment Company (the "Company") for the year ended 31 December 2020 as set out on pages 4 to 20 (the "Financial Statement").

Financial Highlights

	2020	*2019*
	SR	*SR*
TOTAL ASSETS	**4,332,951**	2,461,111
TOTAL OWNER'S EQUITY	**2,826,555**	2,220,433

Representations and Audit

To the best of my knowledge and belief, the activities of the Company have been conducted in accordance with the applicable statutes and there have been no events subsequent to 31 December 2020, which would affect the financial statements.

The Company has maintained proper and complete accounting records and these, together with all other information and explanations have been made freely available to the auditors, EY.

On behalf of the Board of Managers,

Abdulmohsin Al Omran
Chairman of the Board of Managers
29 March 2021

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INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF THE FAMILY OFFICE INTERNATIONAL INVESTMENT COMPANY (OWNED BY ONE PERSON) (A LIMITED LIABILITY COMPANY)

Opinion

We have audited the financial statements of The Family Office International Investment Company - Owned by One Person (the "Company"), which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in owner's equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants and the provisions of Companies' law and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF
THE FAMILY OFFICE INTERNATIONAL INVESTMENT COMPANY (OWNED BY ONE PERSON)
(A LIMITED LIABILITY COMPANY) (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

for Ernst & Young

Fahad M. Al-Toaimi
Certified Public Accountant
License No. 354

Riyadh: 16 Sha'ban 1442H
(29 March 2021)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	***2020*** ***SR***	*2019* *SR*
ASSETS			
CURRENT ASSETS			
Bank balance		**309,852**	624,504
Prepayments and other current assets	4	**436,809**	212,411
Amounts due from the Owner	5	**3,248,042**	1,253,768
TOTAL CURRENT ASSETS		**3,994,703**	2,090,683
NON-CURRENT ASSETS			
Property and equipment, net	6	**157,996**	185,199
Right-of-use asset	7	**180,252**	185,229
TOTAL NON- CURRENT ASSETS		**338,248**	370,428
TOTAL ASSETS		**4,332,951**	2,461,111
LIABILITIES AND OWNER'S EQUITY			
CURRENT LIABILITIES			
Accounts payable and accruals	8	**1,301,947**	106,724
Zakat payable	9	**78,385**	61,725
TOTAL CURRENT LIABILITIES		**1,380,332**	168,449
NON-CURRENT LIABILITY			
End of service benefits		**126,064**	72,229
TOTAL NON-CURRENT LIABILITY		**126,064**	72,229
TOTAL LIABILITIES		**1,506,396**	240,678
OWNER'S EQUITY			
Capital	10	**2,000,000**	2,000,000
Statutory reserve		**98,720**	38,108
Retained earnings		**727,835**	182,325
TOTAL OWNER'S EQUITY		**2,826,555**	2,220,433
TOTAL LIABILITIES AND OWNER'S EQUITY		**4,332,951**	2,461,111

The attached notes 1 to 17 form part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	***2020*** ***SR***	*2019* *SR*
REVENUE			
Service fee	5	**8,677,926**	9,177,351
EXPENSES			
General and administration expenses	11	**(7,998,778)**	(8,951,456)
NET PROFIT BEFORE FINANCE COSTS AND ZAKAT		**679,148**	225,895
Finance cost		**(2,664)**	(7,459)
NET PROFIT BEFORE ZAKAT		**676,484**	218,436
Zakat	9	**(70,362)**	(64,857)
NET PROFIT FOR THE YEAR		**606,122**	153,579
Other comprehensive income for the year		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**606,122**	153,579

The attached notes 1 to 17 form part of these financial statements.

STATEMENT OF CHANGES IN OWNER'S EQUITY

For the year ended 31 December 2020

	Capital *SR*	*Statutory reserve* *SR*	*Retained earnings* *SR*	***Total*** ***SR***
As at 1 January 2020	2,000,000	38,108	182,325	2,220,433
Net profit for the year	-	-	606,122	606,122
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	606,122	606,122
Transfer to statutory reserve	-	60,612	(60,612)	-
As at 31 December 2020	**2,000,000**	**98,720**	**727,835**	**2,826,555**
As at 1 January 2019	2,000,000	22,750	44,104	2,066,854
Net profit for the year	-	-	153,579	153,579
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	153,579	153,579
Transfer to statutory reserve	-	15,358	(15,358)	-
As at 31 December 2019	2,000,000	38,108	182,325	2,220,433

The attached notes 1 to 17 form part of these financial statements.

STATEMENT OF CASHFLOWS
For the year ended 31 December 2020

	Notes	***2020 SR***	*2019 SR*
OPERATING ACTIVITIES			
Net profit before zakat		**676,484**	218,436
Adjustment:			
Depreciation of property and equipment	6	**127,047**	117,239
Depreciation of right-of-use asset	7	**201,616**	202,067
Provision for end of service benefits		**91,435**	212,955
Finance cost on lease liability		**2,664**	7,459
Working capital changes:			
Increase in prepayments and other current assets	4	**(224,398)**	(52,627)
Increase (decrease) in accounts payable and accruals	8	**1,195,223**	(165,823)
Increase in amounts due from the Owner	5	**(1,994,274)**	(856,913)
		75,797	(317,207)
End of service benefits paid		**(37,600)**	(140,726)
Zakat paid	9	**(53,702)**	(46,902)
Finance cost paid		**(2,664)**	(7,459)
Net cash used in operating activities		**(18,169)**	(512,294)
INVESTING ACTIVITY			
Additions to property and equipment	6	**(99,844)**	(2,439)
Cash used in investing activity		**(99,844)**	(2,439)
FINANCING ACTIVITY			
Payment of principal portion of lease liability	7	**(196,639)**	(207,056)
Cash used in financing activity		**(196,639)**	(207,056)
DECREASE IN BANK BALANCE DURING THE YEAR		**(314,652)**	(721,789)
Bank balance at beginning of the year		**624,504**	1,346,293
BANK BALANCE AT END OF THE YEAR		**309,852**	624,504
SIGNIFICANT NON-CASH TRANSACTIONS:			
Right-of-use asset	7	**196,639**	387,296
Prepaid rent transferred to right-of-use asset		**-**	(180,240)
Lease liability		**-**	(207,056)

The attached notes 1 to 17 form part of these financial statements.

1 ACTIVITIES

The Family Office International Investment Company – Owned by One Person (the "Company") is a limited liability company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010608698 dated 27 Sha'aban 1438H (corresponding to 23 May 2017). The Company has obtained license from the Capital Market Authority ("CMA") to operate numbered 17-182-30 dated 21 Ramadan 1439H (corresponding to 5 June 2018).

The principal activities of the Company are to carry out arranging and advising services in the securities business.

The Company is a subsidiary of The Family Office BSC (the "Owner"), a closed joint stock company incorporated under the laws of the Kingdom of Bahrain, which owns 100% of the Company's shares as at 31 December 2020 and 2019.

The financial statements were authorized for issue by the Board of Managers on 16 Sha'ban 1442H (corresponding to 29 March 2021).

2 BASIS OF PREPARATION AND COMPLIANCE

2.1 STATEMENT OF COMPLIANCE

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the International Accounting Standards Board ("IASB"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by Saudi Organization for Certified Public Accountants ("SOCPA") ("IFRS as endorsed in KSA").

2.2 BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention. The financial statements are presented in Saudi Riyals ("SR"), which is also the Company's functional currency.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below:

A Bank balance

Bank balance in the statement of financial position comprise cash at bank which is subject to an insignificant risk of changes in value.

B Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

The following useful lives are used for the calculation of depreciation:

Office furniture and fixtures	5 years
Computer hardware	3 years
Office equipment	3 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B Property and equipment (continued)

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in profit or loss as the expense is incurred.

C Financial assets and financial liabilities

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.

Initial recognition and measurement

All financial assets are recognised initially at fair value net of directly attributable transaction costs.

The Company's financial assets at amortised cost includes amounts due from the Owner and other current assets.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
  And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C Financial assets and financial liabilities (continued)

Subsequent measurement (continued)

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

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

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include accounts payable and accrued expenses.

Subsequent to initial recognition, all financial liabilities of the Company are carried at amortised cost.

Fair values of financial instruments

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

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

The principal market or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using 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.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C Financial assets and financial liabilities (continued)

Fair values of financial instruments (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Offsetting of financial instruments

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

Impairment and uncollectibility of financial assets

The Company assesses if an allowance for expected credit losses ("ECLs") for all financial assets not held at fair value through profit or loss needs to be recorded in profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

D Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

E Revenue recognition

Service fee income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and it can be reliably measured, regardless of when the payment is received. Revenue is recognised on an accrual basis in accordance with the terms of agreement with the Owner for the services provided.

Advisory and arranging income

Advisory and arranging income are accrued on a time proportionate basis, as the services are rendered.

F Accrued expenses

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not. They are recognised initially at fair value and subsequently carried at their amortised cost.

G Expenses

All expenses are classified as general and administration expenses.

H Zakat

Zakat is provided in accordance with the Regulations of the General Authority for Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia and on an accrual basis. Zakat is charged to the statement of profit or loss and other comprehensive income. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under GAZT regulations.

I Statutory reserve

In accordance with Saudi Arabian Regulation for Companies and Company's Articles of Association, 10% of the net income for the period should be transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 30% of the capital. The reserve is not available for distribution.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J Foreign currencies transactions

Transactions in foreign currencies are recorded in Saudi Riyals at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

K End of service benefits

Employee end of service benefits are determined using an actuarial valuation which requires estimates to be made of the various inputs.

L Value added tax ("VAT")

Expenses and assets are recognised net of the amount of VAT, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

M Current and non–current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 NEW STANDARDS AND AMENDMENTS

i) New standards and amendments issued and effective

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

<u>Amendments to IAS 1 and IAS 8: Definition of Material</u>

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.

<u>Amendments to IFRS 16 Covid-19 Related Rent Concessions</u>

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no material impact on the financial statements of the Company.

ii) Standards issued but not yet effective

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

<u>IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities</u>

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

4 PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2020 SR	*31 December 2019 SR*
VAT receivable	**273,671**	86,160
Prepaid insurance	**110,177**	48,672
Employee advances	**24,526**	33,384
Prepaid license fees	**-**	16,667
Others	**28,435**	27,528
	436,809	212,411

5 RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the related party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence.

The following are the details of related party transactions and balances during the year:

Related party	*Nature of transactions*	*Amount of transactions* ***2020 SR***	*2019 SR*
Owner	Service fees (a), (b)	**8,677,926**	9,177,351
	Operational support services payable to the Owner (note 10)	**(656,651)**	(655,293)
	Other expenses paid on behalf of the Company	**(101,460)**	(365,364)
	Other expenses by the company on behalf of the Owner	**123,289**	-
	Funding for payment of employees' salaries	**-**	(5,499,950)

a) The Company has entered into a service agreement with the Owner from 1 May 2018. The service fee is charged to the Owner at cost plus 10% of all expenses (excluding zakat and withholding taxes) incurred by the Company.

b) During 2020, amounts of SR 439,801 (2019: SR 383,450) which represent VAT and penalties amounts charged by GAZT as result of considering the advisory and arrangement service revenue generated by the company from the owner who is based in the Kingdom of Bahrain as a zero-rated supply. These amounts have been paid by the Company on behalf of the Owner to satisfy GAZT initial assessment, and subsequently transferred this amount to the due from Owner balance. Hence, the amount of SR 383,450 has been reclassified from advance taxes under prepayment and other current assets to amounts due from Owner as at 31 December 2019. The management have filed an appeal on these assessments and believes these penalties will be refunded from GAZT.

Amounts due from Owner are as follows:

	31 December 2020 SR	*31 December 2019 SR*
The Owner	**3,248,042**	1,253,768

Outstanding balance at the year-end are unsecured, interest free and settlement occurs in cash. The Company did not record any impairment relating to amounts due from the Owner as it believes that such balances are collectable. The amount due to Owner is in the normal course of the Company's business which pertains to the services provided to the Owner.

6 PROPERTY AND EQUIPMENT

<u>2020</u>	*Computer hardware SR*	*Office furniture and fixtures SR*	*Office equipment SR*	***Total 2020 SR***
Cost:				
At the beginning of the year	126,923	170,912	95,667	393,502
Additions	99,844	-	-	99,844
At the end of the year	226,767	170,912	95,667	493,346
Accumulated depreciation:				
At the beginning of the year	80,802	65,466	62,035	208,303
Charge for the year (note 11)	60,976	34,182	31,889	127,047
At the end of the year	141,778	99,648	93,924	335,350
Net book value:				
At 31 December 2020	**84,989**	**71,264**	**1,743**	**157,996**

<u>2019</u>	*Computer hardware SR*	*Office furniture and fixtures SR*	*Office equipment SR*	*Total 2019 SR*
Cost:				
At the beginning of the year	126,314	170,912	93,837	391,063
Additions	609	-	1,830	2,439
At the end of the year	126,923	170,912	95,667	393,502
Accumulated depreciation:				
At the beginning of the year	35,189	28,435	27,440	91,064
Charge for the year (note 11)	45,613	37,031	34,595	117,239
At the end of the year	80,802	65,466	62,035	208,303
Net book value:				
At 31 December 2019	46,121	105,446	33,632	185,199

7 LEASES

The movement in the right of use assets account for the year ended 31 December was as follow:

	2020 SR	*2019 SR*
At the beginning of the year	**185,229**	387,296
Additions	**196,639**	-
Depreciation	**(201,616)**	(202,067)
	180,252	185,229

7 LEASES (continued)

The movement in the lease liability account for the year ended 31 December was as follow:

	2020 ***SR***	*2019* *SR*
At the beginning of the year	**-**	207,056
Addition	**193,975**	-
Finance cost	**2,664**	7,459
Payment	**(196,639)**	(214,515)
	-	-

8 ACCOUNTS PAYABLE AND ACCRUALS

	31 December 2020 ***SR***	*31 December 2019* *SR*
Accrued salaries	**925,313**	-
Accounts payable	**243,660**	53,759
Accrued professional fees	**100,820**	32,625
Others	**32,154**	20,340
	1,301,947	106,724

9 ZAKAT

9.1 Charge for the year

Zakat charged for the year ended 31 December 2020 amounted to SR 70,362. (31 December 2019: SR 64,857).

The principal elements of the zakat base for the year ended 31 December are as follows:

	2020 ***SR***	*2019* *SR*
Owner's equity, beginning	**2,220,433**	2,066,854
Adjusted net profit before zakat	**940,049**	218,436
Opening provisions and other adjustments	**42,652**	607,184
Non-current liabilities	**-**	72,229
Non-current assets	**(338,248)**	(370,428)
Zakat base	**2,864,886**	2,594,275
Zakat due	**71,622**	64,857

9 ZAKAT (continued)

9.2 Movements in zakat provision during the year

	2020	*2019*
	SR	*SR*
At the beginning of the year	**61,725**	43,770
Charge during the year	**70,362**	64,857
Payment	**(53,702)**	(46,902)
At the end of the year	**78,385**	61,725

9.3 Status of assessments

The Company has filed the Zakat returns with General Authority of Zakat and Tax (the "GAZT") for the years up to 31 December 2019. The zakat return is still under review by the GAZT and no assessment has been raised by GAZT.

10 CAPITAL

The capital is divided into 2,000 shares of SR 1,000 each solely owned by the Owner as at 31 December 2020 and 2019.

11 GENERAL AND ADMINISTRATION EXPENSES

	2020	*2019*
	SR	*SR*
Salaries and employee related expenses	**5,405,536**	6,658,177
Operational support services (note 5)	**656,651**	655,293
Professional fees	**626,879**	335,267
Subscription fees	**318,047**	90,381
Travel and business development	**263,248**	567,593
Technology and communication	**208,219**	116,393
Depreciation of right-of-use asset (note 7)	**201,616**	202,067
Depreciation of property and equipment (note 6)	**127,047**	117,239
Withholding tax	**112,418**	112,655
Office expenses	**64,672**	72,939
Others	**14,445**	23,452
	7,998,778	8,951,456

12 FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company's financial asset consists of bank balance, other current assets and amount due from the Owner. Its financial liabilities consist of accounts payable and other payables. These are categorized within Level 2 of the fair value hierarchy. The fair values of financial instruments at the reporting date are not materially different from their carrying values due to their short term nature.

There were no transfers between into/out of Level 2 of the fair value hierarchy during the year.

13 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Board of Managers have overall responsibility for the establishment and oversight of the Company's risk management framework.

Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to the changes in the market interest rates. In the absence of any interest-bearing assets or liabilities, the Company is not subject to significant interest rate risk.

Credit risk
Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company has exposure to the credit risk from its financial instruments, which is composed of bank balance and amounts due from the Owner. The maximum credit exposure of the Company as at 31 December 2020 and 2019 is equivalent to the carrying value of the financial assets as at that date. The Company's credit risk on bank balance is limited as these are placed with a bank having good credit rating.

The Company does not hold collateral as a security for amounts due to the Owner. Impairment assessment is undertaken each financial year through examining the financial position of the Owner, which is a closed joint stock company in the Kingdom of Bahrain, and the market in which the Owner operates. The Company evaluates the risk with respect to the amounts due from Owner as low.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company is exposed to liquidity risk on its accounts payable and accruals. The undiscounted value of the liabilities are not materially different from their carrying values as these fall due within six months. The Company manages its liquidity risk by ensuring that sufficient funds will be provided by the Owner.

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company did not undertake significant transactions in currencies other than Saudi Riyals, Bahraini Dinar and United States Dollar during the year. As the Saudi Riyal is currently on a fixed parity with US Dollar, the management believes that the Company does not have any significant currency risk exposure in US Dollar transactions. For the other currencies, the Company manages its currency risk by regularly monitoring exchange rates of currencies that it usually deals in.

Capital management
The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise owner's value. The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. Capital comprises of share capital, statutory reserve and retained earnings which amounts to SR 2,826,555 as at 31 December 2020 (2019: SR 2,220,433). No changes were made in the objectives, policies or processes during the current year and prior period.

14 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

14.1 Critical accounting estimates and assumptions

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

Estimating the incremental borrowing rate
The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the stand-alone credit rating).

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

14.2 Judgements

The following critical judgements have the most significant effect on the amounts recognized in the financial statements:

Estimated useful lives of property and equipment
The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation on a straight-line basis over their estimated useful lives. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Management reviews the useful lives and residual value of the assets at each annual reporting period and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Determining the lease term of contracts with extension and termination options
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within control.

15 IMPACT OF COVID-19 ON OPERATIONS AND FINANCIAL STATEMENTS

During March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including KSA. Governments all over the world took steps to contain the spread of virus. Saudi Arabia, in particular, has implemented closure of borders, released social distancing guidelines and enforced country wide lockdown and curfews.

In response to the rapid spread of the virus and the resulting disruption of some social and economic activities, the Company's management is assessing its impact on its current and future operational activities and has taken a series of preventive and precautionary measures, including activating of remote work to ensure the safety of its employees and their families.

As of the date of preparation of the financial statements for the year ended 31 December 2020, the Company has not identified any significant impact on Company's operations and financial results from the COVID-19 outbreak. These developments could impact the future financial results, cashflows and financial condition and the management will continue to assess the nature and extent of the impact on its business and financial results.

16 COMPARATIVE FIGURES

Certain comparative figures of the previous year have been reclassified to conform to the current year presentation. Refer to note (5).

17 APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements have been approved by the Company's Board of Directors on 16 Sha'ban 1442H (corresponding to 29 March 2021)