YAQEEN CAPITAL

(formerly Falcom Financial Services)
(Single Person Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR **THE YEAR ENDED DECEMBER 31, 2021**

YAQEEN CAPITAL (formerly Falcom Financial Services)
(Single Person Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

BDO الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

Head office: Moon Tower - 8 Floor
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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of
Yaqeen Capital (formerly Falcom Financial Services)
(Single Person Saudi Closed Joint Stock Company)

Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Yaqeen Capital (formerly Falcom Financial Services) (Single Person Saudi Closed Joint Stock Company) ("the Company"), which comprise the statement of financial position as at December 31, 2021 and the statement of profit or loss and other comprehensive income, statement of changes in 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 December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 the professional code of conduct and ethics that are 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 its requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The financial statements of the Company for the year ended December 31, 2020, were audited by another auditor who expressed an unmodified opinion on those financial statements on February 14, 2021.

Responsibilities of the 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 the IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA and the Regulations for Companies and the Company's Bylaws 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 the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, in particular the Audit Committee, are responsible for overseeing the Company's financial reporting process.

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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 ISAs 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 ISAs 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.
- 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362

د. محمد العمري وشركاه - محاسبون قانونيون
س. ت : ١٠١٠٤٢٣٩٨٢
Riyadh
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

Riyadh, on: Rajab 27, 1443 (H)
Corresponding to: February 28, 2022 (G)

YAQEEN CAPITAL (formerly Falcom Financial Services)
(Single Person Saudi Closed Joint Stock Company)

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	December 31, 2021	December 31, 2020	January 1, 2020
			(Restated, note 29)	(Restated, note 29)
ASSETS				
CURRENT ASSETS				
Cash and bank balances	5	**33,735**	39,712	57,555
Due from financial institutions		**-**	-	22,667
Margin lending and murabaha financing	6	**255,301**	274,859	83,896
Investments at fair value through profit or loss (FVTPL)	7	**6,479**	5,591	13,572
Due from related parties	8	**374**	6,695	5,627
Trade and other receivables	9	**35,043**	18,201	11,508
		330,932	345,058	194,825
NON-CURRENT ASSETS				
Investments at fair value through profit or loss (FVTPL)	7	**5,758**	5,913	2,035
Property and equipment, net	10	**53,932**	58,906	59,581
Investment property	11	**10,870**	7,015	7,225
		70,560	71,834	68,841
TOTAL ASSETS		**401,492**	416,892	263,666
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Accounts payable and accruals	12	**33,703**	22,336	8,906
Due to a related party	8	**129,389**	211,310	86,784
Provision for zakat	13	**4,736**	2,894	3,105
		167,828	236,540	98,795
NON-CURRENT LIABILITY				
Employee end of service benefits	14	**13,798**	10,299	9,342
TOTAL LIABILITIES		**181,626**	246,839	108,137
EQUITY				
Share capital	15	**150,000**	150,000	150,000
Statutory reserve	16	**15,918**	9,196	25,119
Other reserves		**(2,402)**	-	-
Retained earnings		**56,350**	10,857	(19,590)
TOTAL EQUITY		**219,866**	170,053	155,529
TOTAL LIABILITIES AND EQUITY		**401,492**	416,892	263,666

The accompanying notes from (1) to (30) form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	December 31, 2021	December 31, 2020
			(Restated, note 29)
INCOME			
Commission on brokerage services		**51,011**	50,361
Management and subscription fee from mutual funds		**25,952**	17,745
Advisory services income		**52,461**	25,254
Fair value gain from investments at FVTPL, net	19	**3,011**	1,885
		132,435	95,245
EXPENSES			
Salaries and related benefits		**(42,287)**	(35,944)
Finance costs	8	**(8,336)**	(6,698)
Allowance for doubtful debts	8, 9	**686**	(4,640)
Other general and administrative expenses	20	**(12,711)**	(9,161)
		(62,648)	(56,443)
Operating profit		**69,787**	38,802
Other income	21	**2,989**	2,000
Profit before zakat		**72,776**	40,802
Zakat	13	**(5,561)**	(3,778)
Profit for the year		**67,215**	37,024
Other comprehensive loss			
Not to be reclassified to profit or loss in subsequent periods:			
Re-measurement loss on employee end of service benefits	14	**(2,402)**	-
Total comprehensive income for the year		**64,813**	37,024
Earnings per share:			
Basic and diluted, Profit for the year	22	**4.48**	2.47

The accompanying notes from (1) to (30) form an integral part of these financial statements.

YAQEEN CAPITAL (formerly Falcom Financial Services)
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Other reserves	Retained earnings	Total
January 1, 2021 (Restated, note 29)	**150,000**	**9,196**	-	**10,857**	**170,053**
Profit for the year	**-**	**-**	-	**67,215**	**67,215**
Other comprehensive loss	**-**	**-**	**(2,402)**	**-**	**(2,402)**
Total comprehensive income for the year	**-**	**-**	**(2,402)**	**67,215**	**64,813**
Transfer to statutory reserve	**-**	**6,722**	-	**(6,722)**	**-**
Dividends (note 17)	**-**	**-**	-	**(15,000)**	**(15,000)**
December 31, 2021	**150,000**	**15,918**	**(2,402)**	**56,350**	**219,866**
January 1, 2020 (Restated, note 29)	150,000	25,119	-	(19,590)	155,529
Absorption of accumulated losses through statutory reserve	-	(19,625)	-	19,625	-
Profit for the year	-	-	-	37,024	37,024
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	37,024	37,024
Transfer to statutory reserve	-	3,702	-	(3,702)	-
Dividends (note 17)	-	-	-	(22,500)	(22,500)
December 31, 2020 (Restated, note 29)	150,000	9,196	-	10,857	170,053

The accompanying notes from (1) to (30) form an integral part of these financial statements.

YAQEEN CAPITAL (formerly Falcom Financial Services)
(Single Person Saudi Closed Joint Stock Company)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	December 31, 2021	December 31, 2020 (Restated, note 29)
Cash flows from operating activities:			
Profit before zakat for the year		**72,776**	40,802
Adjustments for non-cash and other items:			
Depreciation of property and equipment	10, 20	**1,823**	2,047
Depreciation of investment property	11, 20	**294**	210
Fair value gain from investments at FVTPL, net	19	**(3,011)**	(1,885)
Provision for employee end of service benefits	14	**1,185**	1,816
Finance costs	8	**8,336**	6,698
Allowance for doubtful accounts		**(686)**	4,640
Changes in operating assets and liabilities:			
Due from a financial institution		**-**	22,667
Margin lending and murabaha financing		**19,558**	(190,963)
Due from related parties		**(7,993)**	(27,963)
Trade and other receivables		**(16,842)**	(7,268)
Accounts payable and accruals		**11,367**	13,210
Net cash from / (used in) operations		**86,807**	(135,989)
Employee end of service benefits paid	14	**(88)**	(529)
Zakat paid	13	**(3,719)**	(3,989)
Net cash from / (used in) operating activities		**83,000**	(140,507)
Cash flows from investing activities:			
Purchase of property and equipment	10	**(998)**	(1,372)
Proceeds from short-term murabaha deposit		**-**	47,000
Purchase of investments at FVTPL		**(8,369)**	(9,238)
Proceeds from disposal of investments at FVTPL		**10,647**	15,226
Net cash from investing activities		**1,280**	51,616
Cash flows from financing activities:			
Proceeds from borrowings from a related party		**695,977**	647,016
Repayments of borrowings to a related party		**(777,898)**	(522,490)
Finance costs paid		**(8,336)**	(6,478)
Net cash (used in) / from financing activities		**(90,257)**	118,048
Net change in cash and cash equivalents		**(5,977)**	29,157
Cash and cash equivalents at the beginning of the year		**39,712**	10,555
Cash and cash equivalents at the end of the year	5	**33,735**	39,712
Supplemental non-cash information:			
Offsetting dividends payable against amount due from Falcom Holding Company	17	**(15,000)**	(22,500)
Transfer of employee end of service benefits to Falcom Holding Company	14	**-**	(330)

The accompanying notes from (1) to (30) form an integral part of these financial statements.

(All amounts in Saudi Riyals thousands unless otherwise stated)

1. GENERAL INFORMATION

Yaqeen Capital (formerly Falcom Financial Services) (the "Company"), (Single Person Saudi Closed Joint Stock Company), incorporated in Kingdom of Saudi Arabia pursuant to the Ministerial Resolution number 2631 dated Ramadan 10, 1427 (H) (corresponding to October 3, 2006 (G)). The Company operates under Commercial Registration number 1010226584, dated Dhu Al Hijjah 4, 1427 (H) (corresponding to December 25, 2006 (G)) in Riyadh, through its two branches in the Kingdom of Saudi Arabia.

In the general assembly meeting held on Jumada al-Ula 17, 1443 (H) corresponding to December 21, 2021 (G), the name of the Company was changed from "Falcom Financial Services" to "Yaqeen Capital". Subsequent to the year end, the Company amended its Commercial Registration and the Company's Bylaws.

On September 1, 2021 (G) corresponding to Muharram 24, 1443 (H), the general assembly of the Company decided to offer 20% of the Company's shares in market through an Initial Public Offering (IPO). A preliminary no objection letter was received from Capital Market Authority ("CMA") on October 5, 2021 (G) corresponding to Safar 28, 1443 (H). The IPO is subject to a final approval from CMA after submitting the IPO file.

The Company has the following branches in the Kingdom Saudi Arabia and the results, assets and liabilities, of these branches are included in these financial statements.

S. No	Commercial Registration Number	Date (Hijri)	City
1	2051062669	24/9/1437	Khobar
2	4030290109	24/9/1437	Jeddah

The address of the Company's Head Office is as follows:

Yaqeen Capital (formerly Falcom Financial Services)
P.O. Box 884
Riyadh 11421
Kingdom of Saudi Arabia

The Company obtained license (number 37-06020) from the Capital Market Authority ("CMA") to perform the following securities related activities:

1. Act as principal and agent and provide cover,
2. Manage and establish mutual funds and portfolios,
3. Provide arranging services,
4. Provide advisory services, and
5. Provide custodian services for the purposes attributable to mutual funds and management of portfolios and brokerage for international equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

These financial statements have been prepared on a going concern basis under historical cost basis except for financial assets at fair value through profit or loss ("FVTPL") that have been measured at fair value and the employees' end-of-service benefits, which have been valued by an independent actuary using the Projected Unit Credit Method in accordance with IFRS.

The financial year of the Company commences on 1 January and ends on 31 December of each calendar year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company has used consistent accounting policies which were used for the year ended 31 December 2020, unless mentioned otherwise.

2.2 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at banks and other short-term highly liquid deposits with maturities of three months or less from the purchase date.

2.3 Financial instruments

(a) ***Initial recognition***

The Company initially recognises financial assets and financial liabilities when it becomes party to the contractual provisions of the financial instrument.

(b) ***Classification***

The Company classifies its financial assets 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.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(c) ***Measurement***

At initial recognition, the Company measures financial assets at its fair value, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit and loss and comprehensive income.

Subsequent measurement of financial assets:

It depends on the Company's business model for managing the assets and the cash flow characteristics of the assets. There are three measurement categories into which the Company classifies its debt instruments:

(i) Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and profit are measured at amortized cost. A gain or loss on a debt instrument that is subsequently measured at amortized cost and is not part of the hedging relationship is recognised in statement of profit and loss and comprehensive income when the asset is derecognised or impaired. Profit from these financial assets is calculated based on the effective yield method.

(ii) Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and profit, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, profit on financial instruments (revenue) and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit and loss and comprehensive income and recognised in other gains/ (losses).

(iii) Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss account. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss account and is not part of a hedging relationship is recognised in profit or loss account and presented net in the profit or loss statement within other gains/ (losses) in the year in which it arises.

Subsequent measurement of equity instrument:

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss account following the derecognition of the investment. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Financial instruments (continued)

Dividends from such investments continue to be recognised in statement of profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/ (losses) in the statement of profit or loss as applicable.

(d) ***Impairment of financial assets***

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost and FVOCI (If any). Previously, the Company was using the incurred loss model.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant change in credit risk on an ongoing basis throughout each reporting period. The impairment model was developed considering probability of default and loss given default which were derived from historical data of the Company and are adjusted to reflect the expected future outcome which includes macroeconomic factors such as inflation and gross domestic product growth rate.

For financial assets, a credit loss is calculated as the present value (at effective profit rate) of the difference between:

(a) the contractual cash flows that are due to an entity under the contract; and
(b) the cash flows that the entity expects to receive.

The financial assets of the Company are categorized as follows:

1- Performing:

These represent the financial assets where Customers have a low risk of default and a strong capacity to meet contractual cash flows.
As per the management past due information is the most appropriate basis for assessing the increase in credit risk in the Company and based on their experience and analysis, the balances which are less than 60 days past due does not result in significant increase in credit risk and considered as performing.

The Company measures the loss allowance for performing financial assets at an amount equal to 12-month expected credit losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime. 12-month expected credit losses are the portion of expected credit losses that results from default events on the financial assets that are possible within 12 months after the reporting date.

2- Underperforming:

These represent the financial assets where there is a significant increase in credit risk and that is presumed if a debtor is more than 60 days past due in making a contractual payment/ installment.

The Company measures the loss allowance for underperforming financial assets at an amount equal to life-time expected credit losses.

3- Non-performing:

These represent defaulted financial assets. A default on a financial asset is considered when the debtor fails to make a contractual payment/ installment within 90 days after they fall due.

The Company measures the loss allowance for non-performing financial assets at an amount equal to life-time expected credit losses.

Financial asset is written-off only when:

(i) that is past due at least from two years, and
(ii) there is no reasonable expectation of recovery.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Financial instruments (continued)

Where financial assets are written off, the Company continues to engage enforcement activities to attempt to recover the receivable due. Where recoveries are made, after write-off, are recognised as other income in the statement of profit and loss and comprehensive income .

(e) ***Financial liabilities - classification, measurement and de recognition***

Financial liabilities are classified and subsequently measured at amortized cost using the effective yield method. The effective yield rate is the rate that discounts the estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

The Company derecognises a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

2.4 Margin lending and murabaha financing

Margin lending and murabaha financing are recognised when cash is advanced to the borrowers. They are derecognised when either borrower repays their obligations, or the balance is sold or written-off, or substantially all the risks and rewards of ownership are transferred to other party. These facilities are advanced to customers for the purpose of investments and trading in shares.

Margin lending and murabaha financing are carried at the amount advanced to the customers, including related transaction cost less any allowance for credit losses, if any. An allowance against credit losses is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. All margin lending and murabaha financing at December 31, 2021 are maturing within one year.

2.5 Investment management services

The Company offers investment services to its customers which include management of certain investment funds. The Company's share of these funds is included in investment is mutual funds. Assets held in trust or in a fiduciary capacity, if any, are not treated as assets of the Company and, accordingly, are not included in the financial statements.

2.6 Settlement date accounting

All regular-way purchases and sales of financial assets are recognised and derecognised on the settlement date, i.e. the date the asset is delivered to/or received from the counter party. The Company accounts for any change in fair value between the trade date and the settlement date in the same way as it accounts for the acquired asset. Regular-way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the marketplace.

2.7 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-current assets, other than goodwill, that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognised for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately in the statement of profit and loss and comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Foreign currency translations

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit and loss and comprehensive income.

2.9 Borrowing cost

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other financing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

2.10 Zakat

The Company is subject to zakat in accordance with the regulations of zakat and Income Tax. Provision for zakat is charged to the profit or loss section of the statement of profit or loss and other comprehensive income. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

The Company withholds taxes, if any, on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under the Tax Law.

2.11 Provisions

Provisions are recognised when; the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

2.12 Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation on assets is charged to the statement of profit and loss and comprehensive income, using the straight-line method, to allocate the costs of the related assets to their residual values over the following estimated useful lives:

Buildings and freehold improvements	3-40 years
Leasehold improvements	useful life or lease term whichever is shorter
Furniture and fixtures	4-5 years
Motor vehicles	5 years
Computers	4 years

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in statement of profit and loss and comprehensive income.

Maintenance and normal repairs, which do not materially extend the estimated useful life of an asset, are charged to the statement of profit and loss and comprehensive income as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Investment property

Investment property is potentially held to earn rentals or for capital appreciation rather than for use in the Company purposes. Investment property is carried at cost less accumulated depreciation, if any, except for land which is carried at cost.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in statement of profit and loss and comprehensive income.

2.14 Revenue

The revenue of the Company broadly categorised as:

(a) Contract with customers (including brokerage income, investment banking and asset management fees)
(b) Dividend income
(c) Trading income / (loss)

The related accounting policies are follows:

(a) Contracts with customers (including brokerage income, investment banking and asset management fees)

The Company recognises revenue under IFRS 15 using the following five steps model:

Step 1: Identify the contract with customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price	The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price	For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue	The Company recognises revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Based on the above five steps the revenue recognition policy for each revenue stream is as follow:

Brokerage income

Brokerage income is recognised when the related transactions are executed on behalf of the customers at the price agreed in the contract with the customers, net of discounts and rebates. The performance obligation of the Company is satisfied when the Company carries out the transaction, which triggers immediate recognition of the revenue, as the Company will have no further commitments.

Asset management fees

Asset management fees are recognised based on a fixed percentage of net assets under management (“asset-based”), or a percentage of returns from net assets (“returns-based”) subject to applicable terms and conditions and service contracts with customers and funds. The Company attributes the revenue from management fees to the services provided during the year, because the fee relates specifically to the Company’s efforts to transfer the services for that period. As asset management fees are not subject to clawbacks, the management does not expect any significant reversal of revenue previously recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Revenue (continued)

Special commission income on Murabaha contract receivable

Special commission income for all special commission bearing financial instruments (Murabaha contract receivables) are recognised in the statement of profit and loss and comprehensive income using the effective commission rate basis. The effective commission rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the carrying amount of the financial asset. When calculating the effective commission rate, Company estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

The carrying amount of the financial asset is adjusted if Company revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective commission rate and the change in carrying amount is recorded as impairment losses.

If a financial asset subsequently becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

The calculation of the effective yield takes into account all contractual terms of the financial instruments (Murabaha contract receivables) and includes all fees and points paid or received transaction costs, and discounts or premiums that are an integral part of the effective special commission rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of financial asset.

(b) Dividend income

Dividend income is recognised when the right to receive the income is established.

(c) Trading income/ (loss)

Results arising from trading activities include all gains and losses from changes in fair values and disposal of investments.

Other income

Rental income

Rental income receivable from operating lease of the property is recognised on a straight-line basis over the term of the lease.

2.15 Leases

Right of use asset ("RoU") / lease liabilities

On initial recognition at the inception of the contract, the Company shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. Control is identified if most of the benefits are flowing to the Company and the Company can direct the usage of such assets.

Right of use assets

The Company applies cost model and measures the right of use asset at cost;

(a) Less any accumulated depreciation and any accumulated impairment losses; and
(b) Adjusted for any re-measurement of the lease liability for lease modifications

Generally, the RoU asset would equate to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the RoU asset value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease liability
On initial recognition, the lease liability is the present value of all remaining payments to the lessor.

After the commencement date, the Company measures the lease liability by:

1. Increasing the carrying amount to reflect the interest on the lease liability;
2. Reducing the carrying amount to reflect the lease payments made; and
3. Re-measuring the carrying amount to reflect any re-assessment or any lease modification.

Short-term and low values leases
Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in the statement of profit and loss and comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

2.16 Statutory reserve

As required by Saudi Arabian Regulations for Companies and the Company's Bylaws, 10% of profit for the year is transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve equals at least 30% of the share capital. The reserve is not available for distribution.

2.17 Expenses

Expenses, other than employee's costs and financial charges are classified as general and administrative expenses.

2.18 Contingent assets and liabilities

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be measured with reasonable reliability. Contingent assets are not recognized, but are disclosed where an inflow of economic benefits is probable.

2.19 Dividends

Dividends are recorded in the financial statements in the year in which they are approved by the shareholder of the Company.

3. CRITICAL ACCOUNTING ESTIMATES AND ADJUSTMENTS

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

Provision for liabilities and charges

The Company receives legal claims against it in the normal course of its business. Management make judgments as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due process being followed as per the Law.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or 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 of disposing of the asset.

The value in use calculation is based on a Discounted Cash Flow (“DCF”) model, if applicable. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Employees' terminal benefits liabilities

The cost of employees’ defined benefit obligation and other post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Economic useful lives of property and equipment

The Company’s management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The Company periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Provision for zakat

The calculation of the Company’s zakat charge necessarily involves a degree of estimation and judgment in respect of certain items whose treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits and losses and/or cash flows.

Impairment losses on trade and other receivables

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The allowance for ECL on trade receivables is 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.

Trade accounts receivable are normally assessed collectively unless there is a need to assess a particular debtor on an individual basis.

4. APPLICATION OF NEW AND REVISED STANDARDS

4.1 New standards

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021 but they had no material impact on these financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

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 was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Company has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

4.2 Standards issued but not yet effective

The Company has not yet applied the following new and revised standards that have been issued but are not yet effective:

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. CASH AND BANK BALANCES

	December 31, 2021	December 31, 2020
Cash in hand	**46**	43
Cash at banks	**33,689**	39,669
Cash and bank balances / cash and cash equivalents	**33,735**	39,712

6. MARGIN LENDING AND MURABAHA FINANCING

	Note	December 31, 2021	December 31, 2020
Margin lending	6.1, 6.3	**255,301**	269,902
Murabaha financing	6.2, 6.3	**-**	4,957
		255,301	274,859

6.1 The Company provides margin lending facilities to certain clients for dealing in the local stock market through the Company. The Company has the option to liquidate the client's investment portfolio to ensure repayment of the lending amount in case of default. Such lending does not bear any commission or charges.

6.2 The Company provides murabaha financing to acquire shares for a limited period through the Company. The Company has the option to liquidate the client's investments portfolio to ensure repayment of the murabaha amount in case of default. Such financing bears a pre-agreed profit margin. During the year 2021, all murabaha financing contracts with the customers have been matured and settled up.

6.3 All the balances at the year-end were classified as performing. No allowance for expected credit loss was required as there is no history of default and the Company has the option to liquidate the client's investments portfolio to ensure repayment.

7. INVESTMENTS AT FAIR VALUE AT PROFIT OR LOSS (FVTPL)

	December 31, 2021	December 31, 2020
		(Restated, note 29)
FVTPL		
Current		
Falcom Saudi Equity ETF fund (level 1)	**2,205**	3,521
Falcom Petrochemical ETF fund (level 1)	**4,274**	2,070
Total	**6,479**	5,591
Non-current		
Falcom Gold Fund (level 2)	**3,625**	3,833
Arar Hills Fund (level 3)	**988**	988
Murabaha Financing Fund (level 3)	**1,145**	1,092
Total	**5,758**	5,913
Total investments at FVTPL	**12,237**	11,504

Movement in the investments at FVTPL is as follows:

	December 31, 2021	December 31, 2020
		(Restated, note 29)
Opening balance	**11,504**	15,607
Additions	**8,369**	9,238
Proceeds from disposal of investments at FVTPL	**(10,647)**	(15,226)
Realized gain from investments at FVTPL	**3,132**	1,316
Unrealized (loss) / gain on investments at FVTPL, net	**(121)**	569
Total	**12,237**	11,504

(All amounts in Saudi Riyals thousands unless otherwise stated)

8. SIGNIFICANT RELATED PARTY MATTERS

In the ordinary course of business, the Company transacts with its related parties. The principal parties of the Company are Falcom Holding Company, investment funds managed by the Company and its associates, executive members of Company's board of directors, key management personnel and companies of which these related parties are principal owners.

(a) Significant related party transactions during the year were as follows:

	Note	December 31, 2021	December 31, 2020
a) Falcom Holding Company – Parent company:			
Expenses related to the Falcom Holding Company		**(885)**	(4,292)
Dividends off-set	17	**(15,000)**	(22,500)
Transfer of employee end of service benefits	14	**-**	(330)
Rental income		**1,384**	-
Zakat paid		**-**	(22,054)
b) Affiliates:			
Rental income	10	**1,605**	2,000
Advertising and brochures		**66**	95
Commission on brokerage services		**221**	224
c) Investment funds:			
Management fees from mutual funds		**25,589**	16,660
Finance costs (*)		**8,336**	6,698
Mutual fund subscription		**363**	99
d) Directors and key management			
Key management compensation		**(14,913)**	(9,965)
Directors' remunerations and related committees		**(3,149)**	(2,612)

(*) During 2021 and 2020, Falcom Murabaha Saudi Riyal Fund, a fund managed by the Company, placed a murabaha deposit with the Company bearing a commission at average rate of 4.5% (2020: 4.5%).

Related party balances as of December 31 were as follows:

	Note	December 31, 2021	December 31, 2020
Receivables from Fal Holding Company		**3,379**	3,379
Receivables from Warehouse Logistic Company		**274**	396
Receivables from Falcom Murabaha SAR Fund		**63**	63
Receivables from Nayifat Financing Company		**37**	-
Receivables from Falcom Holding Company		**-**	6,186
Receivables from Arabian Medical Hospital		**-**	686
Receivables from Al Amthal Financing Company		**-**	50
Allowance for doubtful accounts	8.1	**(3,379)**	(4,065)
		374	6,695
Borrowing - Murabaha deposits – Falcom Murabaha SAR Fund		**129,389**	211,310
Accrued management fee and other receivables	9.1	**15,772**	9,500

8.1 During 2020, the management provided 100% against the long outstanding balance receivable from Fal Holding Company and Arabian Medical Hospital amounting to SR 3.379 million and SR 0.686 million respectively. However, the full amount is recovered from Arabian Medical Hospital during the year 2021 and the amount provided against Fal Holding Company is still outstanding in the current year 2021.

(All amounts in Saudi Riyals thousands unless otherwise stated)

8. SIGNIFICANT RELATED PARTY MATTERS (continued)

Balances related to directors and key management personnel were as follows:

	December 31, 2021	December 31, 2020
Employees end of service benefits	**3,924**	3,246

Key management personnel are those persons, including executive directors, having authority and responsibility for planning, directing and controlling the activities at the Company level.

9. TRADE AND OTHER RECEIVABLES

	Note	December 31, 2021	December 31, 2020
Advances and accounts receivable		**16,552**	6,866
Commission and fees receivables	9.1	**16,351**	9,737
Prepaid expenses		**1,472**	1,636
Loans to employees		**1,243**	537
Allowance for doubtful accounts		**(575)**	(575)
		35,043	18,201

9.1 This includes SR 15.8 million (2020: SR 9.5 million) accrued management fee and other receivables due from related parties.

10. PROPERTY AND EQUIPMENT, NET

2021	Land, buildings and freehold improvements	Leasehold improvements	Furniture and fixtures	Motor vehicles	Computers	Total
Cost:						
January 1, 2021 – as restated	70,666	324	13,260	114	28,293	112,657
Additions	196	-	61	-	741	998
Transfers to investment property (note 11)	(5,640)	-	-	-	-	(5,640)
December 31, 2021	**65,222**	**324**	**13,321**	**114**	**29,034**	**108,015**
Accumulated depreciation:						
January 1, 2021 – as restated	13,063	324	13,007	114	27,243	53,751
Charge for the year	1,207	-	101	-	515	1,823
Transfers to investment property (note 11)	(1,491)	-	-	-	-	(1,491)
December 31, 2021	**12,779**	**324**	**13,108**	**114**	**27,758**	**54,083**
Net book value at:						
December 31, 2021	**52,443**	**-**	**213**	**-**	**1,276**	**53,932**

(All amounts in Saudi Riyals thousands unless otherwise stated)

10. PROPERTY AND EQUIPMENT, NET (continued)

2020	Land, buildings and freehold improvement	Leasehold improvements	Furniture and fixtures	Motor vehicles	Computers	Total
Cost:						
January 1, 2020 – as restated	70,504	324	13,021	114	27,322	111,285
Additions	162	-	239	-	971	1,372
December 31, 2020 – as restated	70,666	324	13,260	114	28,293	112,657
Accumulated depreciation:						
January 1, 2020 – as restated	11,790	270	12,870	102	26,672	51,704
Charge for the year	1,273	54	137	12	571	2,047
December 31, 2020 – as restated	13,063	324	13,007	114	27,243	53,751
Net book value at:						
December 31, 2020 – (Restated, note 29)	57,603	-	253	-	1,050	58,906

11. INVESTMENT PROPERTY

	December 31, 2021	December 31, 2020
<u>**Cost**</u>		(Restated, note 29)
Opening balance	**9,430**	9,430
Transfers from property and equipment (note 10)	**5,640**	-
Closing balance	**15,070**	9,430
<u>**Accumulated depreciation**</u>		
Opening balance	**2,415**	2,205
Transfers from property and equipment (note 10)	**1,491**	-
Charge for the year	**294**	210
Closing balance	**4,200**	2,415
Net book value	**10,870**	7,015

The Company owns fully the Head Office building. The Company has leased a part of the building to Falcom Holding Company (Parent company), Nayifat Financing Company, Al Amthal Financing Company and Warehouse Logistic Company (related parties), therefore this leased part has been classified to “Investment property”. The Company’s rental income is amounting to SR 2.99 million (2020: SR 2 million).

(All amounts in Saudi Riyals thousands unless otherwise stated)

12. ACCOUNTS PAYABLE AND ACCRUALS

	December 31, 2021	December 31, 2020
Accrued sales incentives	**10,946**	7,819
Accrued expense	**6,119**	2,242
Accounts payable	**5,708**	4,887
Accrued employee bonus	**5,123**	1,870
Accrued board of directors' expense	**2,858**	2,336
VAT payable	**2,504**	2,015
Accrued finance costs	**228**	1,026
Others	**217**	141
	33,703	22,336

13. ZAKAT

13.1 Components of zakat base

The significant components of the zakat base of Company under zakat and income tax regulations are principally comprised of shareholder's equity, provisions at the beginning of year, long-term borrowings and estimated taxable income, less deduction for the net book value of property and equipment, investment property, investments and certain other items.

	December 31, 2021	December 31, 2020
January 1	**2,894**	3,105
Provision for the year	**5,561**	3,778
Payments during the year	**(3,719)**	(3,989)
December 31	**4,736**	2,894

13.2 Status of assessments

The Company has submitted its zakat declarations with the General Authority of Zakat and Tax ("GAZT") up to the year ended December 31, 2020. In 2021, GAZT became part of newly formed Zakat, Tax and Customs Authority ("ZATCA").

i. For the years from 2007 to 2011

The GAZT has issued zakat assessments for the years ended December 31, 2007 to 2011. In those assessments, additional zakat assessment of SAR 46 million were raised mainly due to disallowing the deduction of investments from the zakat base. The Company has appealed against such assessments at the Higher Appeal Committee following the ruling issued by the preliminary appeal committee earlier, which upheld GAZT's decision. As part of the appeal process, a bank guarantee in the same amount has been submitted to GAZT. Therefore, the Company has agreed to pay SAR 22.1 million and paid in 2020 and the Board of Directors of Falcom Holding decided on December 15, 2019 to approve the settlement submitted by GAZT and to recognize it as an expense in the financial statements of Falcom Holding Company instead of Yaqeen Capital (formerly Falcom Financial Services), as part of the restructuring plan executed in 2017.

ii. For the years from 2012 to 2016

During 2019, the GAZT has issued its final zakat assessments for the years 2012 to 2016 requesting the Company to settle additional zakat liability amounting to SAR 9.4 million for the above years. The Company has appealed against such assessments at the Higher Appeal Committee following the ruling issued by the preliminary appeal committee earlier, which upheld GAZT's decision. Falcom Holding Company (Parent company) decided to bear any claims after the final resolution by General Secretariat of the Tax Committees ("GSTC"). Until now no date has been set for a session from the GSTC to discuss the Company's objection.

(All amounts in Saudi Riyals thousands unless otherwise stated)

13. ZAKAT (continued)

13.2 Status of assessments (continued)

iii. For the years from 2017 to 2018

During 2020, the GAZT has issued its final zakat assessments for the years 2017 and 2018 requesting the Company to settle additional zakat liability amounting to SAR 3 million for the above years. The Company has accepted GAZT's treatment in relation to certain items and settled the respective zakat due amounting to SAR 0.8 million and filed appeal against the remaining additional zakat liability. The GAZT has accepted Company's contention and issued its revised assessment with no additional zakat liability for the years 2017 and 2018.

Falcom Holding Company (Parent company) made an undertaking to bear any future additional amounts of Zakat imposed by ZATCA on the Company in relation to previous years and up to date of listing.

14. EMPLOYEE END OF SERVICE BENEFITS

	December 31, 2021	**December 31, 2020**
January 1	**10,299**	9,342
Provision for the year	**1,185**	1,816
Payments during the year	**(88)**	(529)
Transfer to Falcom Holding Company	**-**	(330)
Remeasurement loss	**2,402**	-
December 31	**13,798**	10,299

14.1 Key actuarial assumptions

	December 31, 2021	**December 31, 2020**
End of service benefits:		
Discount rate	**2.30%**	1.80%
Salary growth rate	**2.30%**	1.80%

14.2 Sensitivity analysis for actuarial assumptions

		Impact on employee benefit obligations	
	Increase / (decrease) in assumption	**December 31, 2021**	**December 31, 2020**
End of service benefits:			
Discount rate	**+ 0.5%**	**(483)**	**(398)**
	-0.5%	**516**	**426**
Salary growth rate	**+ 0.5%**	**513**	**306**
	-0.5%	**(485)**	**(290)**

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the employee end of service benefits.

15. SHARE CAPITAL

The authorized and paid-in capital of the Company as of December 31, 2021 is SR 150 million (December 31, 2020: SR 150 million) divided into 15 million shares of SR 10 each.

(All amounts in Saudi Riyals thousands unless otherwise stated)

15. SHARE CAPITAL (continued)

The list of shareholders as of December 31, 2021 and 2020 were as follows:

Name of shareholder	Percentage	Number of shares	Share capital in Saudi Riyal
December 31, 2021			
Falcom Holding Company	**100%**	**15,000,000**	**150,000,000**
December 31, 2020			
Falcom Holding Company	**100%**	**15,000,000**	**150,000,000**

16. STATUTORY RESERVE

In accordance with the Regulations for Companies in Saudi Arabia, the Company is required to set aside a statutory reserve, after absorption of accumulated losses, by the appropriation of 10% of net income until the reserve equals at least 30% of the share capital. This reserve is not available for distribution to the shareholder. Based on the board of directors' decision's recommendation on September 29, 2020 and shareholders' approval during the annual general assembly meeting on December 15, 2020 the accumulated losses as of December 31, 2019 amounting to SR 19.625 million have been absorbed against the statutory reserve during 2020.

17. DIVIDENDS

During the annual general assembly meeting on December 21, 2021, the shareholder approved the dividends of SR 0.1 per share (2020: SR 0.15) amounting to SR 15 million (2020: SR 22.5 million). Subsequently the management has off-set the dividend payable against the balance receivable for the parent Falcom Holding Company.

18. CONTINGENCIES AND COMMITMENTS

Except for zakat (Note 13), there were no contingent liabilities as at December 31, 2021 and 2020.

There are no capital commitments as at December 31, 2021 and 2020.

19. FAIR VALUE GAIN FROM INVESTMENTS AT FVTPL, NET

	December 31, 2021	December 31, 2020 (Restated, note 29)
Realized gain from investments at FVTPL	**3,132**	1,316
Unrealized (loss) / gain on investments at FVTPL, net	**(121)**	569
	3,011	1,885

20. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	Note	December 31, 2021	December 31, 2020
Utilities and communication expenses		**5,405**	3,448
Depreciation of property and equipment	10	**1,823**	2,047
Depreciation of investment property	11	**294**	210
Legal and professional charges		**1,754**	813
Electricity		**886**	465
Rental and premises related expenses		**614**	446
Insurance		**392**	450
Marketing expenses		**274**	440
Operational losses		**-**	446
Other		**1,269**	396
		12,711	9,161

(All amounts in Saudi Riyals thousands unless otherwise stated)

21. OTHER INCOME

The balance includes rental income for building of the head office. The Company owns fully the head office and has leased a part of the building to Falcom holding company (Parent company), Nayifat Financing Company, Al Amthal Financing Company and Warehouse Logistic Company (affiliates).

22. EARNINGS PER SHARE

Earnings per share were calculated by dividing net income for the year by the weighted average of the shares outstanding during the year of 15 million shares (2020: 15 million shares).

Earnings per share:	**December 31, 2021**	**December 31, 2020**
Basic and diluted, Profit for the year	**4.48**	2.47

23. CUSTOMERS' ACCOUNTS

These comprise the accounts of brokerage customers in local shares maintained with Banque Saudi Fransi amounting to SR 375 million at December 31, 2021 (2020: SR 428 million). These accounts are not included in these financial statements in accordance with Article (71) of “Capital Market Institutions” (previously known as “Authorised Persons”) by laws issued by the Capital Market Authority Board’s resolution No. 1-83-2005 dated 21/5/1426H corresponding to June 28, 2005 and pursuant to the Capital Market Authority regulations enacted by Royal Decree No. M/30 dated 2/6/1424H.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Effective risk management is of primary importance to the Company. Risks include market risk (primarily foreign exchange risk, price risk and commission rate risk), credit risk, liquidity risk, and operational risk. The Company ensures that it is conservatively capitalized relative to its risk levels, as well as external requirements and benchmarks.

Financial instruments carried on the balance sheet include cash and bank balances, margin lending and murabaha financing, trade and other receivables, investments at FVTPL – current, investments at FVTPL non-current, accounts payable and accruals and due to a related party (Short-term murabaha financing). The particular recognition methods adopted are disclosed in the individual policy statements associated with each item

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

24.1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

a) Commission rate risk

Commission rate risk is the impact on future earnings of the Company resulting from increase in the market interest/ commission rates. The risk arises when there is a mismatch in the assets and liabilities which are subject to interest rate adjustment within a specified period. The most important source of such risk is the Company’s bank borrowings. The commission rate is fixed for the financing receivables and financial liabilities and therefore, there is no commission rate risk as at balance sheet date.

(All amounts in Saudi Riyals thousands unless otherwise stated)

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Commission rate risk	Within 3 months	3-12 months	Over 1 year	Non-commission bearing	Total
December 31, 2021					
Assets					
Cash and bank balances	**-**	**-**	**-**	**33,735**	**33,735**
Margin lending and murabaha financing	**-**	**255,301**	**-**	**-**	**255,301**
Oher assets	**-**	**-**	**-**	**32,903**	**32,903**
Investments at FVTPL – current	**-**	**-**	**-**	**6,479**	**6,479**
Investments at FVTPL – non-current	**-**	**-**	**-**	**5,758**	**5,758**
Total financial assets	**-**	**255,301**	**-**	**78,875**	**334,176**
Accounts payable and accruals	**-**	**-**	**-**	**5,708**	**5,708**
Due to a related party (Short-term murabaha financing)	**-**	**129,389**	**-**	**-**	**129,389**
Total financial liabilities	**-**	**129,389**	**-**	**5,708**	**135,097**

Commission rate risk	Within 3 months	3-12 months	Over 1 year	Non-commission bearing	Total
December 31, 2020					
Assets					
Cash and bank balances	-	-	-	39,712	39,712
Margin lending and murabaha financing	-	274,859	-	-	274,859
Trade and other receivables	-	-	-	16,567	16,567
Investments at FVTPL – current	-	-	-	5,591	5,591
Investments at FVTPL – non-current	-	-	-	5,913	5,913
Total financial assets	-	274,859	-	67,783	342,642
Accounts payable and accruals	-	-	-	4,887	4,887
Due to a related party (Short-term murabaha financing)	-	211,310	-	-	211,310
Total financial liabilities	-	211,310	-	4,887	216,197

b) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not material.

c) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Company is exposed to market risk with respect to its investments. The Company limits market risks by diversification of its investments and monitoring continuously the developments in the stock and international funds markets. In addition, the key factors that affect the stock and bond market movements are monitored including analysis of the operational and financial performance of investees.

24.2 Credit risk

The Company is exposed to credit risk as a result of the counterparty's failure to meet its contractual obligations when due, in respect of:

- Margin lending
- Due from related parties
- Cash at banks

(All amounts in Saudi Riyals thousands unless otherwise stated)

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

24.2 Credit risk (continued)

Credit risk is the risk that the Company will incur a financial loss as a result of the failure of the customer or counterparty to a financial instrument to fulfil its contractual obligations. The carrying amount of financial assets represents their maximum credit exposure. Allowance for expected credit losses on financial assets recognized in the statement of profit or loss for 31 December 2021 amounted to SR Nil.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. Credit risk arises from cash and cash equivalents as well as credit exposures to trade receivables and balances due from related parties. Credit risk is managed on a Group basis.

Revenues are settled mainly in cash therefore the related credit risk is minimal. Revenue is also received in advance therefore resulting in low credit risk. For other receivables, the Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are then assigned.

For banks and financial institutions, only independently rated parties with a minimum rating of A2 are accepted. Therefore, the ECL on cash and cash equivalents is immaterial.

The Company has kept cash and cash equivalents in reputable banks and financial institutions, so the expected credit losses of cash and cash equivalents as at 31 December 2021 amounted to nil (31 December 2020: nil). The cash balance as at 31 December 2021 is SR 33.7 million. For banks and financial institutions, only independently rated parties with a minimum rating of A2 are accepted.

The credit ratings of banks in which the Company holds cash as at 31 December are as follows:

	December 31, 2021	December 31, 2020
Credit rating		
A2	**33,735**	39,712
	33,735	39,712

Trade receivables are shown net of allowance for expected credit losses. The Company applies the IFRS 9 simplified approach for measuring expected credit losses on trade receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due. A significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 180 days of when they fall due.

There are no significant concentrations of credit risk, whether through exposure to individual customers and specific industry sectors. The nature of businesses of the Company does not expose it to credit concentration risk. With regards to due from related parties amounting to SR 374 thousand. The amount is due on demand and management has no concern over the recoverability of this balance. Hence, no allowance for expected credit losses was charged against this receivable.

Management analyses credit risk in the following categories:

Credit quality analysis

The following table sets out the credit analysis for financial assets:

December 31, 2021	**Investment grade**	**Non-investment grade**	**Unrated**	**Total**
Financial assets				
Cash and bank balances	**33,735**	**-**	**-**	**33,735**
Margin lending and murabaha financing	**-**	**-**	**255,301**	**255,301**
Investments at FVTPL – current	**6,479**	**-**	**-**	**6,479**
Investments at FVTPL – non-current	**5,758**	**-**	**-**	**5,758**
Trade and other receivables	**-**	**-**	**32,903**	**32,903**
Total	**45,972**	**-**	**288,204**	**334,176**

(All amounts in Saudi Riyals thousands unless otherwise stated)

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

24.2 Credit risk (continued)

December 31, 2020	Investment grade	Non-investment grade	Unrated	Total
Financial assets				
Cash and bank balances	39,712	-	-	39,712
Margin lending and murabaha financing	-	-	274,859	274,859
Investments at FVTPL – current	5,591	-	-	5,591
Investments at FVTPL – non-current	5,913	-	-	5,913
Trade and other receivables	-	-	16,567	16,567
Total	51,216	-	291,426	342,642

The credit risk exposure for receivable against margin financing by geographic region is as follows:

	December 31, 2021	December 31, 2020
Saudi Arabia	**255,301**	274,859

The credit risk exposure for receivables against margin financing by type of customer representing only retail clients as at December 31, 2021 and 2020.

24.3 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial obligation. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value.

Below are the amounts expected to be recovered or settled no more than 12 months and those more than 12 months after the reporting date.

	December 31, 2021	December 31, 2020
ASSETS		
Cash and bank balances	**33,735**	39,712
Margin lending and murabaha financing	**255,301**	274,859
Investments at fair value through profit or loss (FVTPL)	**6,479**	5,591
Due from related parties	**374**	6,695
Trade and other receivables	**35,043**	18,201
	330,932	345,058

	December 31, 2021	December 31, 2020
LIABILITIES		
Accounts payable and accruals	**33,703**	22,336
Due to a related party	**129,389**	211,310
Provision for zakat	**4,736**	2,894
	167,828	236,540

Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet the Company's future commitments.

December 31, 2021	Less than 1 year	Total
Accounts payable and accruals	**5,708**	**5,708**
Due to a related party (Short-term murabaha financing)	**129,389**	**129,389**
	135,097	**135,097**

(All amounts in Saudi Riyals thousands unless otherwise stated)

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

24.3 Liquidity risk (continued)

December 31, 2020	**Less than 1 year**	**Total**
Accounts payable and accruals	4,887	4,887
Due to a related party (Short-term murabaha financing)	211,310	211,310
	216,197	216,197

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of bank financing and the advantages and security afforded by a sound capital position. In relation to the capital structure of the Company, management closely monitor the compliance of regulations and bank financing covenants and as at balance sheet date was in compliance with the prescribe requirements. At December 31, 2021 and 2020 management's analysis of gearing ratio was as follows:

	December 31, 2021	**December 31, 2020**
Shareholder's equity	**219,866**	170,053
Payable to a related party	**129,389**	211,310
Total capital structure	**349,255**	381,363
Gearing ratio	**37.05%**	55.41%

Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or sell assets to reduce debt.

Capital management	**December 31, 2021**	**December 31, 2020**
Total borrowings	**129,389**	211,310
Total assets	**401,492**	416,892
Debt to total asset ratio	**32.2%**	50.7%

24.4 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Company's activities either internally or externally at the Company's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

Operational risk is a distinct risk category which the Company manages within acceptable levels through sound operational risk management practices that are part of the day-to-day responsibilities of management at all levels. The objective in managing operational risk is to ensure control of the Company's resources by protecting its assets and minimizing the potential for financial loss.

The Company's risk management approach involves identifying, assessing, managing, mitigating, monitoring and measuring the risks associated with operations. The management of operational risk has a key objective of minimizing the impact of losses suffered in the normal course of business (expected losses) and to avoid or reduce the likelihood of suffering a large extreme (unexpected) loss.

(All amounts in Saudi Riyals thousands unless otherwise stated)

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

24.5 Equity price risk

The Company's listed and unlisted equity investments are susceptible to price risk, arising from uncertainties about fair values of investment funds. The Company manages equity price risk through diversification and setting limits on investments. The exposure to investment and its impact on equity is detailed in the table below with a % change in equity prices.

Markets	December 31, 2021	Sensitivity	
Investments at FVTPL		**Net Profit**	**Percentage**
Saudi Arabia	**12,237**	**+/-30**	**+/- 1%**

Markets	December 31, 2020	Sensitivity	
Investments at FVTPL		**Net Profit**	**Percentage**
Saudi Arabia	**11,504**	**+/-19**	**+/- 1%**

25. FINANCIAL INSTRUMENT FAIR VALUE

As at December 31, 2021 and 2020, the fair values of the Company's financial instruments are estimated to approximate their carrying values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS that are endorsed in the Kingdom of Saudi Arabia, including the level in the fair value hierarchy in which such valuations should be classified.

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

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

Level 2: inputs other than quoted market prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(All amounts in Saudi Riyals thousands unless otherwise stated)

25. FINANCIAL INSTRUMENT FAIR VALUE (continued)

The table below presents the financial assets and financial liabilities at their fair values as at December 31, 2021 and 2020 based on the fair value hierarchy:

December 31, 2021	Carrying value	Fair value Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and bank balances	**33,735**	**-**	**-**	**33,735**	**33,735**
Margin lending and murabaha financing	**255,301**	**-**	**-**	**255,301**	**255,301**
Trade and other receivables	**32,903**	**-**	**-**	**32,903**	**32,903**
Financial assets measured at fair value					
Investments at FVTPL – current	**6,479**	**6,479**	**-**	**-**	**6,479**
Investments at FVTPL – non-current	**5,758**	**-**	**3,625**	**2,133**	**5,758**
	334,176	**6,479**	**3,625**	**324,072**	**334,176**
Financial liabilities measured at amortized cost					
Accounts payable and accruals	**5,708**	**-**	**-**	**5,708**	**5,708**
Due to a related party (short-term murabaha financing)	**129,389**	**-**	**-**	**129,389**	**129,389**
	135,097	**-**	**-**	**135,097**	**135,097**

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. During the years ended December 31, 2021 and 2020, there were no transfers into or out of Level 1, level 2 and level 3 fair value measurements.

The fair values of financial position financial instruments not measured at fair value are not significantly different from the carrying values included in the financial statements. The fair values of cash and bank balances, margin financing Trade and other receivables which are carried at amortized cost, are not significantly different from the carrying values included in the financial statements, since the current market commission rates for similar financial instruments are not significantly different from the contracted rates, and due to the short duration of financial instrument. An active market for these instruments is not available and the Company intends to realize the carrying value of these financial instruments through settlement with the counter party at the time of their respective maturities.

25.1 Fair valuation techniques

December 31, 2020	Carrying value	Fair value Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and bank balances	39,712	-	-	39,712	39,712
Margin lending and murabaha financing	274,859	-	-	274,859	274,859
Trade and other receivables	16,567	-	-	16,567	16,567
Financial assets measured at fair value					
Investments at FVTPL – current	5,591	5,591	-	-	5,591
Investments at FVTPL – non-current	5,913	-	3,833	2,080	5,913
	342,642	5,591	3,833	333,218	342,642
Financial liabilities measured at amortized cost					
Accounts payable and accruals	4,887	-	-	4,887	4,887
Due to a related party (Short-term murabaha financing)	211,310	-	-	211,310	211,310
	216,197	-	-	216,197	216,197

(All amounts in Saudi Riyals thousands unless otherwise stated)

25. FINANCIAL INSTRUMENT FAIR VALUE (continued)

The following tables show the valuation techniques used in measuring Level 3 fair values.

Description	Valuation techniques	Unobservable inputs
Investments at FVTPL – Murabaha Financing Fund	Fair value of net assets	Fair value of equity shares
Investments at FVTPL – Arar Hills Fund	Fair value of net assets	Fair value of equity shares

26. CAPITAL RISK MANAGEMENT

The objective of managing capital is to safeguard the Company's ability to continue as a going concern, so that it could continue to provide adequate returns to its shareholder by pricing products and services commensurate with the level of risk. It is the policy of the Company to maintain adequate capital base so as to maintain investor, creditor and market confidence and to support future development of the business. The Company's capital base sufficiently covers all material risks meeting the minimum capital requirement and the Company intends to maintain a healthy capital ratio to cater future business growth. For capital adequacy working, refer to Note 26.1.

26.1 Minimum capital and the total capital ratio

In accordance with Article 74(b) of the Prudential Rules issued by CMA (the Rules), given below are the capital base, minimum capital requirement and total capital ratio as at December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Capital base:		
Tier-1 capital	**219,866**	170,053
Total capital base	**219,866**	170,053
Minimum capital requirement:		
Credit risk	**106,949**	105,385
Market risk	**1,040**	897
Operational Risk	**14,111**	14,111
Total minimum capital requirement	**122,100**	120,393
Total capital ratio:		
Tier-1 capital ratio (time)	**1.80**	1.41
Total capital ratio (time)	**1.80**	1.41
Surplus in capital	**97,766**	49,660

a) The above information has been extracted from the annual Capital Adequacy Models as prescribed by CMA for December 31, 2021 and 2020.
b) The capital base consists of Tier 1 capital and Tier 2 capital calculated as per Article 4 and 5 of the Rules respectively. The minimum capital requirements for market, credit and operational risk are calculated as per the requirements specified in Part 3 of the Rules.
c) The Company is required to maintain adequate capital as specified in the Rules. The capital adequacy ratio shall not be less than 1.
d) The Company is required to disclose the prescribed information as required under Pillar III of the Rules on the Company website (www.falcom.com.sa and www.yaqeen.sa), however that information is not subject to review or audit by the independent auditor of the Company.

(All amounts in Saudi Riyals thousands unless otherwise stated)

27. SEGMENT INFORMATION

For management purposes, the Company is organized into business units based on their products and services and has four reportable segments, as follows:

- Brokerage
- Investment Banking Group (IBG)
- Asset management
- Investments and others

No operating segments have been aggregated to form the above reportable operating segments.

The Board of Directors (BoD) is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

	Brokerage	IBG	Asset management	Investments and others	Total
For the year ended 31 December 2021					
Revenues	**51,011**	**52,461**	**25,952**	**3,011**	**132,435**
Expenses	**(8,291)**	**(12,146)**	**(5,938)**	**(22,831)**	**(49,206)**
Depreciation and amortization	**(15)**	**(9)**	**(2)**	**(2,091)**	**(2,117)**
Finance costs	**(8,336)**	**-**	**-**	**-**	**(8,336)**
Zakat	**(9)**	**(13)**	**(2)**	**(5,537)**	**(5,561)**
Segment profit / (loss)	**34,360**	**40,293**	**20,010**	**(27,448)**	**67,215**
As at 31 December 2021					
Assets	**255,301**	**12,868**	**16,351**	**116,972**	**401,492**
Liabilities	**-**	**-**	**-**	**181,626**	**181,626**

	Brokerage	IBG	Asset management	Investments and others	Total
For the year ended 31 December 2020					
Revenues	**50,361**	**28,375**	**14,439**	**2,070**	**95,245**
Expenses	**(9,749)**	**(4,547)**	**(3,223)**	**(27,969)**	**(45,488)**
Depreciation and amortization	**(103)**	**(3)**	**(4)**	**(2,147)**	**(2,257)**
Finance costs	**(6,461)**	**-**	**(237)**	**-**	**(6,698)**
Zakat	**(2)**	**(14)**	**-**	**(3,762)**	**(3,778)**
Segment profit / (loss)	**34,046**	**23,811**	**10,975**	**(31,808)**	**37,024**
As at 31 December 2020					
Assets	**274,859**	**3,983**	**9,766**	**128,284**	**416,892**
Liabilities	**-**	**-**	**-**	**246,839**	**246,839**

(All amounts in Saudi Riyals thousands unless otherwise stated)

28. IMPACT OF COVID-19

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures were taken to contain the virus that could have affected economic activity. Management has taken several measures, such as safety and health measures for people (such as social distancing and working from home).

Management believe that there is minimal impact on the Company from COVID-19. In addition, the Company assessed that there is minimal risk on collections of margin lending as the policy of lending to the customers is 1:1. The Company will do utmost to continue operations in the best and safest way possible without jeopardising the health and safety of its employees.

29. RESTATEMENT AND RECLASSIFICATIONS OF PRIOR YEAR FIGURES

Certain of the prior year amounts have been restated as explained below:

	Note	January 1, 2020 (As perviously reported)	Adjustment	January 1, 2020 (Restated)
Statement of financial position				
Investments at FVOCI	A	2,035	(2,035)	**-**
Investments at FVTPL – non-current	A	-	2,035	**2,035**
Property and equipment, net	B	66,806	(7,225)	**59,581**
Investment property	B	-	7,225	**7,225**
Statement of changes in equity				
Other reserves	A	35	(35)	**-**
Retained earnings	A	(19,625)	35	**(19,590)**

	Note	December 31, 2020 (As perviously reported)	Adjustment	December 31, 2020 (Restated)
Statement of financial position				
Investments at FVOCI	A	2,080	(2,080)	**-**
Investments at FVTPL – non-current	A	3,833	2,080	**5,913**
Property and equipment, net	B	65,921	(7,015)	**58,906**
Investment property	B	-	7,015	**7,015**
Statement of changes in equity				
Other reserves	A	80	(80)	**-**
Retained earnings	A	10,781	76	**10,857**
Statutory reserve	A	9,192	4	**9,196**
Statement of profit or loss and other comprehensive income				
Fair value gain from investments at FVTPL, net	A	1,840	45	**1,885**
Other comprehensive income	A	45	(45)	**-**
Statement of cash flows				
Profit before zakat for the year	A	40,757	45	**40,802**
Fair value gain from investments at FVTPL, net	A	(1,840)	(45)	**(1,885)**
Depreciation of property and equipment	B	2,257	(210)	**2,047**
Depreciation of investment property	B	-	210	**210**

29. RESTATEMENT AND RECLASSIFICATIONS OF PRIOR YEAR FIGURES (continued)

A- During the year, the Company has reclassified its investment in funds from fair value through other comprehensive income (FVOCI) to FVTPL as they do not meet the criteria for equity investment classification. Accordingly, the Company had also reclassified the impact of these investment's subsequent measurement from other reserves to retained earnings.

B- During the year, the Company has reclassified retrospectively respective part of Property and equipment balance to Investment property. Part of the owned building (previously classified as Property and equipment) has been leased to Falcom Holding Company (Parent company), Nayifat Financing Company, Al Amthal Financing Company and Warehouse Logistic Company (related parties), therefore this leased part was reclassified to Investment property. Accordingly, the Company had also reclassified the impact of the cost and depreciation against Investment property.

In addition, certain prior year amounts in the statement of profit or loss and other comprehensive income have been reclassified to conform to the presentation in the current year.

30. APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements were approved for issue by the Company's Board of Directors on February 24, 2022 (G) corresponding to Rajab 23, 1443 (H)