SIMAH RATING AGENCY
(A Saudi Limited Liability Company)
Financial Statements
For the year ended 31 December 2022
together with the
Independent Auditor's Report

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(A Saudi Limited Liability Company)
Financial Statements
For the year ended 31 December 2022

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Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٤٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholder of *Simah Rating Agency*

Opinion

We have audited the financial statements of Simah Rating Agency ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss and other comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, 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 the Saudi Organization for Chartered and Professional Accountants "SOCPA".

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is 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 the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, the Company's By-Laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditor's Report

To the Shareholder of *Simah Rating Agency* (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the 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 of Simah Rating Agency ("the Company").

KPMG Professional Services

Hani Hamzah A. Bedairi
License No. 460

Al Riyadh on: 29 March 2023
Corresponding to: 7 Ramadan 1444H

SIMAH RATING AGENCY
(A Saudi Limited Liability Company)
Statement of financial position
As at 31 December 2022
(Saudi Riyals)

	Note	**31 December 2022**	31 December 2021
Assets			
Non-current assets			
Property and equipment	(6)	**4,974**	2,791
Intangible assets	(7)	**649,756**	1,876
Right of use asset	(8)	--	385,863
		654,730	390,530
Current assets			
Cash and cash equivalent	(9)	**30,741,396**	19,777,491
Trade receivable and other current assets	(10)	**716,898**	994,667
		31,458,294	20,772,158
Total assets		**32,113,024**	21,162,688
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital		**5,000,000**	5,000,000
Statutory reserve	(11)	**1,650,000**	792,121
Retained earnings		**15,556,587**	6,988,143
Total shareholders' equity		**22,206,587**	12,780,264
Non-current liabilities			
Employees' end of service benefits	(12)	**513,080**	571,492
		513,080	571,492
Current liabilities			
Due to a related party	(13)	**178,563**	477,563
Accounts payable		**115,704**	--
Accrued expenses and other liabilities		**3,596,952**	2,403,753
Unearned revenue		**4,571,950**	3,963,109
Lease liability	(8)	--	385,459
Zakat and income tax provision	(14)	**930,188**	581,048
		9,393,357	7,810,932
Total liabilities		**9,906,437**	8,382,424
Total shareholders' equity and liabilities		**32,113,024**	21,162,688

The notes from (1) to (19) form an integral part of these financial statements

SIMAH RATING AGENCY
(A Saudi Limited Liability Company)
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2022
(Saudi Riyals)

	Note	**31 December 2022**	31 December 2021
Revenue from contracts with customers		**23,584,359**	23,818,794
		23,584,359	23,818,794
General and administrative expenses	(15)	**(13,040,132)**	(18,008,702)
Selling and marketing expenses		**(88,606)**	--
Impairment loss on accounts receivable	(10)	**(226,466)**	(99,367)
Operating profit		**10,229,155**	5,710,725
Finance cost		**(15,632)**	(15,632)
Profit for the year before zakat and income tax		**10,213,523**	5,695,093
Zakat and income tax	(14)	**(846,743)**	(522,266)
Profit for the year		**9,366,780**	5,172,827
Other comprehensive income /(loss) :			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement gain / (loss) on end of service benefits	(12)	**(156,540)**	102,666
Total comprehensive income for the year		**9,210,240**	5,275,493

The notes from (1) to (19) form an integral part of these financial statements

SIMAH RATING AGENCY
(A Saudi Limited Liability Company)
Statement of changes in shareholders' equity
For the year ended 31 December 2022
(Saudi Riyals)

	Share Capital	Statutory Reserve	Retained earnings	Total
Balance at 1 January 2021	5,000,000	274,838	2,229,933	7,504,771
Profit for the year	--	--	5,172,827	5,172,827
Other comprehensive income for the year			102,666	102,666
Total comprehensive income for the year			5,275,493	5,275,493
Transfer to statutory reserve	--	517,283	(517,283)	--
Balance at 1 January 2022	**5,000,000**	**792,121**	**6,988,143**	**12,780,264**
Profit for the year	--	--	**9,366,780**	**9,366,780**
Other comprehensive loss for the year	--	--	**(156,540)**	**(156,540)**
Reversal of leave accrual	--	--	**216,083**	**216,083**
Total comprehensive income for the year	**5,000,000**	**792,121**	**16,414,466**	**22,206,587**
Transfer to statutory reserve	--	**857,879**	**(857,879)**	--
Balance at 31 December 2022	**5,000,000**	**1,650,000**	**15,556,587**	**22,206,587**

The notes from (1) to (19) form an integral part of these financial statements

SIMAH RATING AGENCY
(A Saudi Limited Liability Company)
Statement of cash flows
For the year ended 31 December 2022
(Saudi Riyals)

	Note	**31 December 2022**	31 December 2021
Cash flow from operating activities			
Profit for the year before zakat and income tax		**10,213,523**	5,695,093
Depreciation of fixed assets	6	**1,917**	1,875
Depreciation of right of use assets	8	**385,863**	385,458
Amortisation of intangible assets	7	**1,874**	68,848
End of service benefits provision	12	**175,058**	194,728
Impairment provision of accounts receivable	10	**226,466**	99,367
Finance cost		**15,632**	15,632
Cash flows from operating activities before changes in working capital		**11,020,333**	6,461,001
Changes in working capital:			
Trade receivables and other current assets		**277,769**	140,928
Accrued expenses and other liabilities		**1,193,199**	1,251,054
Accounts payable		**115,704**	--
Due to a related party		**(299,000)**	(89,408)
Unearned revenue		**608,841**	2,722,209
Cash generated from operations		**12,916,846**	10,485,784
End of service benefits paid	12	**(390,010)**	(348,722)
Finance cost paid		**(15,632)**	(15,632)
Zakat paid	14	**(497,603)**	(310,966)
Net cash generated from operating activities		**12,013,601**	9,810,464
Cash flow from investing activities:			
Purchase of property and equipment		**(4,100)**	--
Purchase of intangible assets		**(649,754)**	--
Net cash flows used in investing activities		**(653,854)**	--
Cash flow from financing activity			
Lease liability paid		**(395,842)**	(401,090)
Net cash flows used in financing activity		**(395,842)**	(401,090)
Net change in cash and cash equivalents		**10,963,905**	9,409,374
Cash and cash equivalents at beginning of the year		**19,777,491**	10,368,117
Cash and cash equivalents at the end of year	9	**30,741,396**	19,777,491

1 REPRORTING ENTITY

Simah Rating Agency (the Company) is a limited liability company registered in Saudi Arabia on Shaban 4, 1437H (corresponding to May 11, 2016) under commercial registration No. 1010461157. The address of the company's head office is B3 Low Rise, Granada Business Park, 6th floor, P.O. Box 8859, Riyadh, Saudi Arabia.

The Company is a wholly owned subsidiary of Saudi Company for Credit Information (SIMAH) ("the Parent Company") which is a Saudi closed joint Stock Company and is involved in providing credit information service to investors and members.

The Company is established as a limited liability company which is engaged in providing credit rating services under the Capital Market Authority Approval No. (R/16/146/6/1). The Company obtained license No. 08-15001 from the Capital Market Authority to commence its activity on December 29, 2016.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis except for the defined benefit plan which is measured at present value of future obligations using Projected Unit Credit Method. Further, the financial statements are prepared using the accrual basis of accounting and going concern concept.

3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Saudi Riyal ("SAR"), which is the Company's functional and the company presentation currency. All amounts have been rounded to the nearest Saudi Riyal, unless otherwise indicated.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Note 8: Leases

(Saudi Riyals)

4. USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next reporting period is included in the following notes:

- Note 12: Measurement of defined benefit obligations: key actuarial assumptions;
- Notes 6 and 7: Estimated useful lives of property and equipment and intangible assets; and
- Note 10: Measurement of expected credit loss

5 SIGNIFICANT ACCOUNTING POLICIES

New standards or amendments issued but are not yet effective

Standards / Amendments	Description	Effective from periods beginning on or after the following date
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
Amendments to lAS 8	Definition of Accounting Estimate	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 12 Income Taxes	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IFRS 16	Lease liability in a Sale and Leaseback	1 January 2024

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. When spare parts are expected to be used during more than one period, then they are accounted for as property and equipment.

Historical cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (Continued)

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis.

The Company applies the following annual rates of depreciation to its property and equipment:

Office furniture and equipment	6 years
Computer hardware and software	5 years

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Capital work in progress is stated at cost until the construction or installation is complete. Upon the

completion of construction or installation, the cost of such assets together with cost directly attributable to construction or installation, including capitalized borrowing cost, are transferred to the respective class of asset. No depreciation is charged on capital work in progress.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. The cost of intangible assets acquired in a business combination is their fair value at the effective date of the business combination. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets, which comprises software, are amortized over a period of 4-6 years.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Leasing

The determination of whether a contract contains a lease based on the substance of the arrangement at the inception date. The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (Continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy)

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

Impairment losses of continuing operations are recognized in the statement of profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to OCI. In this case, the impairment is also recognized in OCI up to the amount of any previous revaluation.

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents for the purpose of cashflows includes bank overdraft.

Financial instruments

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

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

Classification and subsequent measurement

Financial assets
On initial recognition, a financial asset is classified as: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – equity investment; or FVTPL.

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

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

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

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Classification and subsequent measurement (continued)

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Company considers:

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

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the statement of profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the statement profit or loss. Any gain or loss on derecognition is recognized in the statement of profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities:

Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement profit or loss. Any gain or loss on derecognition is also recognized in the statement of profit or loss.

Derecognition

Financial assets

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

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

Financial liabilities

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

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

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Impairment of financial instruments

Financial instruments and contract assets
The Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

Loss allowances for trade receivables with or without significant financing component are always measured at an amount equal to lifetime ECL.

Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12-month ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 360 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or the disappearance of an active market for a security because of financial difficulties.

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial instruments (continued)

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Revenue recognition

Revenue may either be recognized on an "over-time" (OT) basis or a "point-in-time" (PIT) basis. Following paragraphs provide information about the nature and timing of the satisfaction of performance obligations in each of the above methods, criteria for using a particular method and related revenue recognition policies.

Revenue from services primarily comprises fees charged for companies/instruments related to obtaining a rating to assess their financial status and solvency.

Under IFRS 15, the Company assessed that there is only one performance obligations in a contract for consumer credit report usage services, because its promises to transfer services that are not capable of being distinct.

Under IFRS 15, the Company concluded that revenue from commercial credit report services will be recognized over-time as the performance obligation is being performed in phases.

Foreign currency translation

Transactions in foreign currencies are converted to Saudi Riyal at the exchange rate at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to Saudi Riyals at the rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss and other comprehensive income.

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation (continued)

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the statement of profit or loss.

Employee benefits and post-employment benefits

Short term obligations
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment obligation (defined benefit plan)
Company's gratuity scheme is categorized as a defined benefit plan. This plan is not funded. The Company's obligation in respect of the said defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. Re-measurements of the defined benefit liability, which comprise actuarial gains and losses, are recognized immediately in OCI. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plans are recognized in the statement of profit or loss.

When the benefits of the plan are changed or when the plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of profit or loss. The Company recognizes gains and losses on the settlement of the defined benefit plan when the settlement occurs.

Zakat and income tax

Zakat is calculated in accordance with zakat regulations issued by the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia ("ZATCA"). The income tax provision for foreign companies is calculated in the financial statements in accordance with the tax regulations of the countries in which they operate. Adjustments resulting from final zakat and foreign exchange are accounted for during the financial year in which the final assessment is issued.

Income tax expense or tax credit represents taxable income in the taxable period in accordance with the applicable income tax rate for each range adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unutilized tax losses.

Current income tax expense is calculated on the basis of applicable tax laws, or which will be applied effectively at the end of the reporting period in the countries in which the subsidiaries and associates of the Company operate and earn taxable income. The administration periodically evaluates tax assessments for cases in which the applicable tax regulations are subject to interpretation. Provisions are made on the basis of amounts expected to be paid to tax authorities.

(Saudi Riyals)

6 PROPERTY AND EQUIPMENT

Property and equipment comprise as follow:

	Office furniture and fixtures	Office equipment	Total
Cost			
At 1 January 2021	9,639	20,964	30,603
Addition during the year	--	--	--
At 31 December 2021	9,639	20,964	30,603
At 1 January 2022	**9,639**	**20,964**	**30,603**
Addition during the year	**4,100**	**--**	**4,100**
At 31 December 2022	**13,739**	**20,964**	**34,703**
Accumulated depreciation			
At 1 January 2021	5,243	20,694	25,937
Depreciation during the year	1,607	268	1,875
At 31 December 2021	6,850	20,962	27,812
At 1 January 2022	**6,850**	**20,962**	**27,812**
Depreciation during the year	**1,917**	**--**	**1,917**
At 31 December 2022	**8,767**	**20,962**	**29,729**
Net book value			
At December 31, 2022	**4,971**	**2**	**4,974**
At December 31, 2021	2,789	2	2,791

(Saudi Riyals)

7 INTANGIBLE ASSETS

Intangible assets comprise as follow:

	31 December 2022	31 December 2021
Cost		
Balance at beginning of year	**358,409**	358,409
Addition during the year	**649,754**	--
Balance at end of year	**1,008,163**	358,409
Amortization		
Balance at beginning of year	**356,533**	287,685
Amortization	**1,874**	68,848
Balance at end of year	**358,407**	356,533
	649,756	1,876

8 RIGHT-OF-USE ASSET AND LEASE LIABILITY

Right-of-use asset

	31 December 2022	31 December 2021
Balance at 1 January	**385,863**	771,321
Depreciation charge during the year	**(385,863)**	(385,458)
Balance at end of year	--	385,863

Lease liability

	31 December 2022	31 December 2021
Non-current portion of lease liability	--	--
Current portion of lease liability	--	385,459
Total lease liability	--	385,459

The total interest expense on lease liability recognized during the year ended 31 December 2022 is SAR 15,632 (31 December 2021: SAR 30,054).

9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise as follow:

	31 December 2022	31 December 2021
Cash at bank	**30,739,472**	19,777,491
Cash on hand	**1,924**	--
	30,741,396	19,777,491

(Saudi Riyals)

10 TRADE RECEIVABLE AND OTHER CURRENT ASSETS

Accounts receivable comprised as follow:

	31 December 2022	31 December 2021
Trade receivable	**515,970**	785,470
Prepaid insurance	**195,634**	121,236
Others	**521,264**	377,465
	1,232,868	1,284,171
Less:		
Impairment losses on accounts receivables	**(515,970)**	(289,504)
	716,898	994,667

The movement of impairment on accounts receivable during the year is as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	**289,504**	190,137
Provision for the year	**226,466**	99,367
	515,970	289,504

Exposure to credit risk and impairment loss is included in note 16.

11 STATUTORY RESERVE

The Saudi Companies Law requires that 10% of the annual net profit be transferred to the statutory reserve and that the transfer continues until this reserve reaches 30% of the capital. This reserve is not available for distribution to the shareholders.

12 EMPLOYEES' END OF SERVICE BENEFITS

	31 December 2022	31 December 2021
Opening balance	**571,492**	828,152
Current service cost	**165,646**	178,211
Interest cost	**9,412**	16,517
Benefits paid	**(390,010)**	(348,722)
Actuarial (gain)/ loss	**156,540**	(102,666)
Closing balance	**513,080**	571,492

The most recent actuarial valuation was carried out by a qualified actuarial expert, and this was carried out using the projected unit credit method.

The main assumptions used for actuarial valuation were as follows:

	31 December 2022	31 December 2021
Rate of increase in salaries	**3.5%**	2.00%
Discount rate	**4.35%**	2.72%

(Saudi Riyals)

12 EMPLOYEES' END OF SERVICE BENEFITS (CONTINUED)

All movements are recognized in the employee benefit obligations specified in profit or loss, except for actuarial losses / (gains) recognized in other comprehensive income.

Sensitivity analysis

The sensitivity analysis described below is based on possible changes to assumptions that may occur at the end of the reporting period, with other assumptions remaining constant.

	31 December 2022	31 December 2021
Discount rate +1%	**473,448**	535,545
Discount rate -1%	**559,051**	612,935
Long term salary +1%	**559,004**	612,826
Long term salary -1%	**472,766**	534,965

13 RELATED PARTIES' TRANSACTIONS

The related parties consist of the parent company and key management personnel. The pricing policies and guidelines of the transactions have been agreed upon from the board of directors in the normal business operations.

Name	**Relationship**
The Saudi Company for Credit Information, SIMAH	Parent Company

The significant transactions with the parent company during the year is as follows:

	31 December 2022	31 December 2021
Expenses incurred on behalf of the Company	**1,045,863**	851,089

Members of the board of directors shall not be granted any compensation for their role in the management of the company unless approved by the general assembly. The members of the board of directors shall be granted attendance allowance for meetings of the board of directors a fixed remuneration as a result of their direct management and responsibilities.

The following table shows the details of remuneration paid to Board of Directors, Rating Committee, and Administration Committee:

	31 December 2022	31 December 2021
Board of Directors	**498,000**	399,995
Rating committee	**308,000**	972,000
Administration committee	**77,000**	51,000
Total	**883,000**	1,422,995

(Saudi Riyals)

13 RELATED PARTIES' TRANSACTIONS (CONTINUED)

The following table shows the details of the salaries and compensation paid to key management personnel:

	31 December 2022	31 December 2021
Salaries and compensation	**1,315,696**	1,236,000
Annual and periodic incentives *	--	5,162,500
Total	**1,315,696**	6,398,500

* Annual and periodic incentives in 2021 comprise of bonus amounting to SAR 2.5 million and incentives for the year of services to the former CEO amounting to SAR 2.6 million.

The following amount are payable to shareholder in the normal course of business:

The following balances are due to a related party:

	31 December 2022	31 December 2021
Due to the parent company	**178,563**	477,563

14 PROVISION FOR TAX AND ZAKAT

14.1 Status of assessments

Zakat and income tax declarations were filed with Zakat, Tax and Customs Authority ("ZATCA") for all the years up to 31 December 2021 and final assessments for these years are awaiting response from ZATCA.

14.2 The movement in provision for zakat and tax is as follows:

	31 December 2022	31 December 2021
Beginning balance	**581,048**	369,748
Provision for the year	**846,743**	522,266
Payments during the year	**(497,603)**	(310,966)
	930,188	581,048

a. Zakat base

Zakat is calculated at based on the following:

	31 December 2022	31 December 2021
Share of Saudi shareholders in:		
Shareholders' equity	**14,525,786**	9,955,467
Opening provisions and other adjustments	**(536,438)**	305,408
Adjusted net income for the year	**8,699,243**	4,906,941
Zakat base	**22,688,591**	15,167,816
Zakat calculated for the year at 2.5%	**567,214**	379,195

(Saudi Riyals)

14 PROVISION FOR TAX AND ZAKAT (CONTINUED)

b. Tax base

The tax provision is calculated based on the following:

	31 December 2022	31 December 2021
Adjusted net profit for the year	**1,814,864**	1,009,263
Income tax at 20%	**362,973**	201,853

The Company is a wholly owned subsidiary of Saudi Company for Credit Information (SIMAH) ("the Parent Company"), and the parent company has foreign shareholders, due to which Income Tax applies to the Company.

15 GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the year ended 31 December comprised of the following:

	31 December 2022	31 December 2021
Salaries wages and related benefits	**5,038,492**	5,569,112
Employee bonus *	**1,212,668**	5,779,214
Consultancy service	**2,560,747**	2,254,801
Rating analyst fees	**2,286,000**	2,136,000
License fees	**95,137**	41,420
Travel expenses	--	37,280
Health insurance	**421,121**	245,955
Depreciation of fixed assets	**1,917**	1,875
Depreciation of right of use assets	**385,863**	385,458
Amortisation of intangible assets	**1,874**	68,848
Fees and subscriptions	**135,247**	62,205
Hospitality	**8,548**	3,780
Remuneration to executive committees	**883,000**	1,371,995
Others	**9,518**	50,759
Total	**13,040,132**	18,008,702

* Employee Bonus in 2022 amounts to SAR 1.2 million. In 2021, 5.8 million also included a bonus amounting to SAR 2.5 million and incentives for the year of services to the former CEO amounting to SAR 2.6 million.

16 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date 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.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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

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

16 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

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

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

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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

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

Management assessed that the fair values of cash and cash equivalents, trade receivables and other assets, trade and other payables approximate their carrying values largely due to the short-term maturities of these financial instruments.

The Company's activities exposed it to various risks. These risks are: Market risk (which includes: Currency risk, fair value and cash flow interest rate risks and price risk), Credit risk and Liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and Company risk appetite. The board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

The Company has exposure to the following risk arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

16 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Market risk

Market price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's profit or the value of its holdings of financial instruments.

Commission rate risk

It is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and cash flows. The Company does not have significant financing arrangements and is not exposed to commission rate risk.

Currency Risk

It is a risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi riyals and therefore is not exposed to any currency risk

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from receivables from customers. The company has no significant concentration of credit risks. The carrying amounts of financial assets represent the maximum credit exposure. Impairment losses on financial assets recognized in profit or loss is SAR 226,466 (2021: SAR 99,367).

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and sector in which customers operate.

Trade and other receivables are mainly due from local customers and are stated at their estimated realizable values. The Company trades only with recognised, creditworthy third parties. The granting of credit is controlled by well-established criteria, which are reviewed and updated on an ongoing basis. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

Expected credit loss assessment as at 31 December *2022.*

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics such as geographic region, age of customer relationship and type of product purchased.

Loss rates are based on actual historic credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product growth and unemployment rates.

(Saudi Riyals)

16 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Credit risk (Continued)

As at 31 December 2022, the exposure to credit risk for trade receivables by type of counterparty was as follows:

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers as at 31 December 2022:

31 December 2022	**Gross carrying amount**	**Weighted-average loss**	**Loss allowance (%)**
Trade receivable	**515,970**	**515,970**	**60%**

31 December 2022	**Gross carrying amount**	**Weighted-average loss**	**Loss allowance (%)**
1–90 days past due	**--**	**--**	**--**
91–180 days past due	**--**	**--**	**--**
181–270 days past due	**--**	**--**	**--**
271–360 days past due	**--**	**--**	**--**
More than 360 days past due	**515,970**	**515,970**	**100%**
	515,970	**515,970**	

31 December 2021	Gross carrying amount	Weighted-average loss	Loss allowance (%)
1–90 days past due	61,639	2,643	4%
91–180 days past due	35,694	2,419	7%
181–270 days past due	10,905	2,467	23%
271–360 days past due	154,367	60,270	39%
More than 360 days past due	522,865	221,705	42%
	785,470	289,504	

Liquidity risk

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

Following are the contractual maturities at the end of the reporting period of financial liabilities.

	31 December 2022			
	Carrying amount	***Less than 1 year***	***1 year to 5 years***	***More than 5 years***
Liabilities				
Accrued expenses and other liabilities	**3,596,952**	**3,596,952**	--	--
Due to a related party	**178,563**	**178,563**	--	--
TOTAL	**3,775,515**	**3,775,515**	--	--

(Saudi Riyals)

16 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Liquidity risk (continued)

	31 December 2021			
	Carrying amount	*Less than 1 year*	*1 year to 5 years*	*More than 5 years*
Liabilities				
Accrued expenses and other liabilities	2,403,753	2,403,753	--	--
Due to a related party	477,563	477,563	--	--
Lease Liability	639,830	639,830	--	--
TOTAL	3,521,146	3,521,146	--	--

17 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may return capital to the shareholder, issue new shares or sell assets to reduce debt. No changes in the objectives, policies or processes for managing capital were made during the year ended 31 December 2022 and 31 December 2021.

18 SUBSEQUENT EVENTS

There were no subsequent events after the statement of financial position date, other than disclosed below, which require adjustments to / or disclosure in the financial statements.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its by-laws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended by-laws to the partners in their Annual General Assembly meeting for their ratification.

19 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by management on 14 March 2023 (corresponding to 22 Sha'ban 1444H).