



RSM

شركة او اس ام المحاسبون المتحدون للإستشارات المهنية
RSM Allied Accountants Professional Services Co.

Tharwat Saudi Equity Fund (under liquidation)
(Managed by Tharwat for Financial Securities)

Interim condensed financial statements (unaudited)
For the six months period ended at June 30, 2023
and the independent auditor's report on the review of the interim condensed
financial statements

Tharwat Saudi Equity Fund (under liquidation)
(Managed by Tharwat For Financial Securities)

Interim condensed financial statements (unaudited)
For the six months period ended at June 30, 2023

<u>Index</u>	<u>Page</u>
Report on review interim condensed financial statements	-
Interim condensed statement of net liquidation assets (unaudited)	3
Interim condensed statement of changes in net liquidation assets (unaudited)	4
Notes to interim condensed financial statements (unaudited)	5 – 10

Independent Auditor's Review Report On the review interim condensed financial statements

To the unitholders of
Tharwat Saudi Equity Fund (under liquidation)
(Managed by Tharwat for Financial Securities)

Introduction

We have reviewed the accompanying interim condensed statement of net liquidation assets of Tharwat Saudi Equity Fund (the Fund), which is managed by Tharwat for financial securities (The Fund Manager) as at June 30, 2023 and the interim condensed statement of changes in net liquidation assets for the six - month period that ended on June 30, 2023 and the accompanying notes which are an integral part of these interim financial statements. The fund Management is responsible for the preparation and presentation of these interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with IAS 34 - "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.

Emphasis of Matter

We draw attention to Note 3 of the notes to the accompanying condensed interim financial statements, which refers to the fund's Board of Directors' decision dated Dhu al-Qi'dah 12, 1444 AH (corresponding to June 1, 2023) approving the plan to terminate and liquidate the Fund, and accordingly these condensed interim financial statements were prepared on using liquidation basis of accounting. Our conclusion is not modified in respect of this matter.

RSM Allied Accountants Professional Services

Mohammed Bin Farhan Bin Nader

License No. 435

Riyadh, Kingdom of Saudi Arabia

Safar 5, 1445AH (corresponding to August 21, 2023)



Tharwat Saudi Equity Fund (under liquidation)
(Managed by Tharwat For Financial Securities)

Interim condensed statement of net liquidation assets (unaudited)
As at June 30, 2023
(Saudi riyals)

	<u>Note</u>	<u>June 30, 2023</u>
Assets		
Investments at fair value through profit or loss	8	1,495,240
Cash at banks		764,301
Total assets		<u>2,259,541</u>
Liabilities		
Due to related parties	9	28,451
Accrued Expenses and other liabilities		14,873
Total liabilities		<u>43,324</u>
Equity attributable to unitholders		
Net value of liquidation assets attributable to unitholders		<u>2,216,217</u>
Units issued (numbers)		<u>205,370</u>
Unit value		<u>10.79</u>

The accompanying notes (1) to (13) form an integral part of these financial statements

Tharwat Saudi Equity Fund (under liquidation)
(Managed by Tharwat For Financial Securities)

Interim condensed statement of changes in net liquidation assets (unaudited)
For the six months period ended at June 30, 2023
(Saudi riyals)

	Note	For the six months period ended at June 30, 2023 (unaudited)
<u>Income</u>		
Unrealized gains from investments at fair value through profit or loss	8	268,480
Dividend income		16,178
Gross income for the period		284,658
<u>Expenses</u>		
Management fees	9	(9,720)
Custodial fees	9	(11,405)
Other expenses		(23,159)
Total expenses for the period		(44,284)
Net liquidation asset surplus		240,374
Net liquidation assets surplus as of January 1, 2023		1,975,843
Net liquidation assets surplus as of June 30, 2023		2,216,217

The accompanying notes (1) to (13) form an integral part of these financial statements

Tharwat Saudi Equity Fund (under liquidation)
(Managed by Tharwat For Financial Securities)

Notes to interim condensed financial statements (unaudited)
For the six months period ended at June 30, 2023

1 - The Fund and its Activities

Tharwat Saudi Equity Fund (previously, Tharwat IPO Fund) (“the Fund”) is an open-ended fund. The objective of the Fund is to increase the capital by investing mainly in Saudi Companies’ IPOs and Saudi companies that have been listed in the Saudi Stock Market for more than five years. The Fund is managed by Tharwat for Financial Securities company (“Fund manager”).

The terms and conditions of the Funds was issued on 27 Muharam 1437H (corresponding to November 9, 2015). The fund manager made some amendments to the terms and conditions of the fund. The main change in terms and conditions relates to the appointment of Al Nefae Investment Company as a custodian.

The Fund was approved for IPO on 27 Muharam 1437H (corresponding to 9 November 2015) according to the approval of CMA. The Fund commenced its operations on 30 Rabi’ I 1437H (corresponding to 10 January 2016).

On Jumada- Al- Awwal 6, 1442 AH (corresponding to December 21, 2020 M) the terms and conditions of the fund were updated and the name of the fund was changed from Tharwat IPO Fund to Tharwat Saudi Equity Fund, and the terms and conditions were approved on 26 Jumada- al akhirah 1442 AH (corresponding to February 8, 2021 M)

2 - Regulating Authority

The Fund is governed by Investment Funds Regulations (the “Regulations”), issued by Capital Market Authority (CMA) on 3 Dhul Hijjah 1427H (corresponding to 24 December 2006), and as of 6 Safar 1438H (corresponding to 6 November 2016) to the new Investment Funds Regulations (“the amended Regulations”) issued by CMA on 16 Shaban 1437H (corresponding to May 23,2016), detailing requirements for all types of real estate investment funds in the Kingdom of Saudi Arabia must follow. The amended regulations became effective at 19 Ramadan 1442H (corresponding to May 1, 2021).

3 - The going concern and fund liquidation

On 12 Dhu al-Qi’dah 1444 AH (corresponding to June 1, 2023 AD), the fund’s board of directors approved the plan of fund liquidation, which is scheduled to take place in the following steps:

- First step: Notifying the related parties of the fund manager's intention to liquidate the fund, prior to the end of the fund's term dated July 31, 2023 AD, and in accordance with the terms mentioned in the agreements.
- Second step: Selling all the owned investments at fair value through profit or loss and distributing the proceeds to the unit holders during the fund's term.
- Third step: Notifying the custodian of closing the investment account and notifying the Capital Market Authority and the unit holders of the fund liquidation.

The liquidator (Tharwat Securities Company - Fund Manager) shall represent the Fund before the judiciary and third parties, and shall carry out all necessary actions for liquidation, i.e. converting the Fund’s assets into cash, including debt collection, selling investments and paying off the Fund’s debts, if any, according to priority.

Set aside the amounts necessary to pay them if they are postponed or disputed, and after liquidating all assets and paying all debts, the liquidator will return to the unit holders the net asset value in proportion to their units in accordance with the terms and conditions of the fund.

Accordingly, the interim financial statements were prepared in accordance with International Accounting Standard 34 - “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and in compliance with the Liquidation Basis Financial Reporting Standard: Principles and Requirements for Recognition, Measurement, Presentation and Disclosure as promulgated by the Saudi Organization for Chartered and Professional Accountants, which requires preparing a list of net liquidation assets and a list of changes in liquidation assets and the notes attached.

4 - Basis of preparation interim condensed financial statements

Statement of compliance

The interim financial statements were prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia and in compliance with the Liquidation Basis Financial Reporting Standard: Principles and Requirements for Recognition, Measurement, Presentation and Disclosure as promulgated by the Saudi Organization for Chartered and Professional Accountants, which requires preparing a list of net liquidation assets and a list of changes in liquidation assets and the notes attached.

Liquidation Basis Financial Reporting Standard: Principles and Requirements for Recognition, Measurement, Presentation and Disclosure as promulgated by the Saudi Organization for Chartered and Professional Accountants require to make estimates of future income and costs, the amounts expected to be achieved from the liquidation of assets and settlement of liabilities until the end date of liquidation and present the impact on the amounts presented in the financial statements and the accompanying notes. The estimated amounts may differ from the amounts of the assets realized and liabilities settled. Management believe that the fair value of assets and liabilities at the reporting date will not materially differ from the reported amounts.

Presentation and functional currency

These interim financial statements are presented in Saudi Riyals which is the functional currency and are rounded to the nearest Saudi Riyal.

Accounting records

The Fund maintains regular accounting records by the computer and not in Arabic.

Accounting on a liquidation basis

As a result of the approved liquidation decision, the fund's liquidation is considered inevitable, and therefore liquidation-based accounting was applied for the entire financial period during which the liquidation decision was taken, and subsequent periods/years in accordance with the requirements of the Liquidation-Base Financial Reporting Standard: Principles and Requirements for Evidence, Measurement, Presentation, and Disclosure adopted in the Kingdom of Saudi Arabia Saudi Arabia from the Saudi Organization for Auditors and Accountants, and the liquidation base is based on the following:

- Measurement of the assets of the entity by the monetary amount, or compensation, expected to be obtained upon disposal of those assets.
- Measuring obligations by the contractual amount due to settle those obligations.

Tharwat Saudi Equity Fund (under liquidation)
(Managed by Tharwat For Financial Securities)

Notes to interim condensed financial statements (unaudited) (continued)
For the six months period ended at June 30, 2023
(Saudi riyals)

5 - Net liquidation assets

The net liquidation assets represent the expected liquidation value available to unitholders upon liquidation of the fund. The fund expects a surplus of liquidation income over its costs during the liquidation process, as shown in the list of net liquidation assets, and unitholders are expected to receive the surplus amounting to SAR 2,216,217 as a result of the liquidation process.

6 - Opening Balance

The opening balances of the liquidation account in the fund's records as of January 1, 2023 are as follows:

	<u>Note</u>	<u>January 1, 2023</u>
Assets		
Investments at fair value through profit or loss	7	1,226,760
Cash at banks		795,334
Total assets		<u>2,022,094</u>
Liabilities		
Due to related party	8	26,852
Accrued Expenses and other liabilities		19,399
Total liabilities		<u>46,251</u>
Equity attributable to unitholders		
Net value of liquidation assets attributable to unitholders		<u>1,975,843</u>
Units issued (numbers)		<u>205,370</u>
Unit value		<u>9.62</u>

7 - Sources and uses of cash

	<u>June 30, 2023</u> <u>(unaudited)</u>
Net change in due to related parties	1,599
Net change in accrued expenses and other liabilities	(4,526)
Net profit for the period	240,374
Unrealized gains from investments at fair value through profit and loss	(268,480)
	<u>(31,033)</u>
Net change in cash at the bank	(31,033)
Cash at the bank, beginning of the period	795,334
Cash at the bank, end of period	<u>764,301</u>

Tharwat Saudi Equity Fund (under liquidation)
(Managed by Tharwat For Financial Securities)

Notes to interim condensed financial statements (unaudited) (continued)
For the six months period ended at June 30, 2023
(Saudi riyals)

8 - Investments at fair value through profit or loss

A. Below is a summary of investment portfolio components at fair value through profit or loss at the date of the interim statement of net liquidation assets:

		As at June 30, 2023 (unaudited)			As at December 31, 2022 (audited)
	% Investment of the total market value	Book Value	Unrealized gains (losses)	Market value	Market value
First: Equity investments (by sector)					
Software & services	20%	239,766	138,819	378,585	239,766
Utilities	%13	160,968	15,673	176,641	160,968
Food production	%9	113,254	3,075	116,329	113,254
Food & staples retailing	%8	98,431	13,429	111,860	98,431
Real estate management and development	6%	77,070	30,660	107,730	77,070
Energy	6%	75,537	19,997	95,534	75,537
Financing and investment	6%	69,323	2,758	72,081	69,323
Banks	4%	48,128	(1,408)	46,720	48,128
Consumer goods	%4	43,260	23,175	66,435	43,260
Materials	%3	40,371	6,665	47,036	40,371
Media & entertainment	%3	32,635	21,655	54,290	32,635
Transportation	%2	26,618	6,321	32,939	26,618
	%84	1,025,361	280,819	1,306,180	1,025,361
Second: Real estate investment current funds					
AlAhli REIT Fund 1	%7	84,790	(5,877)	78,913	84,790
Riyad REIT Fund	%4	51,673	(4,760)	46,913	51,673
Reit Education Fund	%3	37,524	(1,590)	35,934	37,524
Al Rajhi REIT Fund	%2	27,412	(112)	27,300	27,412
	%16	201,399	(12,339)	189,060	201,399
Total investments	%100	1,226,760	268,480	1,495,240	1,226,760

B. The movement on investments at fair value through profit or loss are as follows:

	30 June 2023 (unaudited)	31 December 2022 (audited)
Book value, beginning of the period/ year	1,226,760	886,227
Additions during the period/ year	-	150,606
Book value, at the end of the period/ year	1,226,760	1,036,833
Unrealized gains from investments at fair value through the profit or loss	268,480	189,927
Market value, at the end of the period/ year	1,495,240	1,226,760

Tharwat Saudi Equity Fund (under liquidation)
(Managed by Tharwat For Financial Securities)

Notes to interim condensed financial statements (unaudited) (continued)
For the six months period ended at June 30, 2023
(Saudi riyals)

9 - Related party transactions

There are transactions that occurred during the period with related parties as part of the Fund's normal business and with the approval of the management, and the management believes that the terms of these transactions do not differ materially from any other transactions that the Fund conducts with any third party. This item consists of the following:

A. The balances due to related parties are as follows:

	June 30, 2023 (unaudited)	December 31, 2022 (audited)
Board of directors	12,000	12,000
Al-Nefaie investment group company	11,405	10,000
Tharwat for financial securities company	5,046	4,852
	28,451	26,852

B. The material transactions with related parties are as follows:

Related party	Nature of relationship	Nature of transaction	Transaction amount	
			June 30, 2023	December 31, 2022
Tharwat for financial securities company	Fund's Manager	Management fees	9,720	18,982
Al-Nefaie investment group company	Custodian	Custody Fees	11,405	20,000

The Fund pays a management fee at an annual rate of 0.95% of the fund's net assets value at the end of each day and they are paid each quarter.

In addition, the fund charges custody fees at an annual rate of 0.15% of the net assets value of the fund, with a minimum of 20,000 Saudi riyals, calculated daily and paid every quarter. Management and custody fees are charged according to the terms and conditions of the fund.

As of June 30, 2023, the unitholder's account includes 205,370 units (December 31, 2022: 205,370 units) owned by the Fund Manager.

10 - Last valuation day

The last valuation day of the period was June 22, 2023.

11 - Financial instruments and risk management

The financial instruments in the net liquidation assets comprise mainly cash at banks, Investments at fair value through profit or loss, due to related parties and accrued expenses and other liabilities.

Credit risk

Credit risk is the risk that one party may fail to discharge an obligation and will cause the other party to incur a financial loss. The Fund is not significantly subjected to credit risk. Cash is deposited at local banks with a high credit rating.

The following table shows the maximum exposure of the Fund to credit risks related to the items of the interim net liquidation assets:

	30 June 2023 (unaudited)	31 December 2022 (audited)
Investments at fair value through profit or loss	1,495,240	1,226,760
Cash at banks	764,301	795,334
	2,259,541	2,022,094

Notes to interim condensed financial statements (unaudited) (continued)
For the six months period ended at June 30, 2023
(Saudi riyals)

11 - Financial instruments and risk management (continued)

Commission rate risk

Commission rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market commission rates in the market. The Fund has no significant assets or liabilities that are subject to commissions as at June 30, 2023.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency exchange rates. The Fund believes it is not subjected to significant currency risks as the Fund's main transactions are in Saudi Riyals.

Liquidity risks

Liquidity risk is the risk that the Fund will encounter difficulty in releasing 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. The fund manager monitors the liquidity required on a regular basis and seeks to ensure that sufficient funds are available to meet any commitments as they arise.

Fair value

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

- In the active market for the asset or liability, or
- In the absence of an active market: in the most advantageous market for the asset or liability

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

The first level: The quoted market prices in active markets for identical assets and liabilities.

The second level: Valuation techniques that depend on inputs that affect the fair value and can be directly or indirectly observable in the market.

The third level: Valuation techniques that depend on inputs that affect the fair value that cannot be directly or indirectly observed in the market.

June 30, 2023 (unaudited)	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss	1,495,240	-	-	1,495,240
December 31, 2022 (audited)	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss	1,226,760	-	-	1,226,760

12 - Significant matters & Subsequent events

On 12 Dhu al-Qi'dah 1444 AH (corresponding to June 1, 2023), the fund's board of directors approved the plan of fund liquidation, which is scheduled to take place in the following steps:

- First step: Notifying the related parties of the fund manager's intention to liquidate the fund, prior to the end of the fund's term dated July 31, 2023, and in accordance with the terms mentioned in the agreements.
- Second step: Selling all the owned investments at fair value through profit or loss and distributing the proceeds to the unit holders during the fund's term.
- Third step: Notifying the custodian of closing the investment account and notifying the Capital Market Authority and the unit holders of the fund liquidation.

Tharwat for Financial Securities (the fund manager) announced the end of the term of the Tharwat Saudi Equity Fund, on Muharram 13, 1445 AH (corresponding to July 31, 2023).

Otherwise, the management believes there were no significant subsequent events before or after the date of the financial statements and later the issuance of the financial statements that may require modification or disclosure.

13 - Approval of the interim financial statements

The interim financial statements have been approved for issue by the Fund's board of directors on Safar 5, 1445 (corresponding to August 21, 2023).