Tharwat For Financial Securities Company
(A Saudi Closed Joint Stock Company)

Consolidated Financial Statements and Independent Auditors' Report
For the Year Ended in December 31, 2020

Tharwat For Financial Securities Company
(A Saudi Closed Joint Stock Company)

Consolidated Financial Statements and Independent Auditors' Report
For the year ended December 31, 2020

RSM
RSM Allied Accountants
Dr. Abdelgadir Bannaga & Partners Co.

Al Oruba Road, Al Olaya District
1st Floor, Building No. 3193
VAT Number : 300103434300003
P.O. Box Riyadh 12333 - 8335 K.S.A
Tel: +966 11 416 9361
Fax: +966 11 416 9349
Kingdom of Saudi Arabia
www.rsmksa.com

Independent Auditors' Report

To the Shareholders
Tharwat for Financial Securities Company
(A Saudi Closed Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Tharwat for financial securities company (A Saudi closed joint stock company) "the Company", and its subsidiary, together ("the Group"), which comprise of the consolidated statement of financial position as of December 31, 2020 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders` equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements including a summary of significant accounting policies.

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

Basis for our opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor`s responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Ethical requirements that are relevant to our audit of the financial statements. 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 consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and publications that are issued by Saudi Organization For Certified Public Accountants and in accordance with companies regulation and Company bylaws and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free of material misstatements, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group`s financial reporting process.

Auditor`s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue 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 to International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As a part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk is not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as a fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosers made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosers in the financial statements or, if such disclosers 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 are conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentations, structure and the 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 responsible in governance regarding, 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.

Allied Accountants
Dr. Abdelgadir Bannaga and Partners Company

Mohammed bin Farhan bin Nader
License No. 435
Rajab 4, 1442H (February 16, 2021)
Riyadh, Saudi Arabia

C.R: 4030228773
License No. 323/11/168
Dr. Abdelgadir Bannaga & Partners Company
Certified Public Accountants
Allied Accountants

Consolidated statement of financial position
As of December 31, 2020
Saudi Riyals

	Note	2020	2019
Assets			
Non-current assets			
Property, plant and equipment, net	7	**4,599,574**	5,200,053
Intangible assets, net	8	**67,081**	106,333
Capital work in progress	9	-	610,464
Fair value investments through other comprehensive income	10	**45,189,318**	46,116,098
Right of use assets	11	**7,676,615**	8,529,571
Total non-current assets		**57,532,588**	60,562,519
Current assets			
Accounts receivable, prepaid expenses and other assets	12	**5,377,089**	3,562,250
Fair value investments through profit or loss	13	**511,381**	469,037
Cash on hand and at banks	14	**6,657,597**	17,648,959
Total current assets		**12,546,067**	21,680,246
Total assets		**70,078,655**	82,242,765
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	16	**60,000,000**	60,000,000
Statuary reserve	17	**1,668,843**	1,668,843
Gain from fair value investment revaluation through other comprehensive income	10	**5,926,569**	6,853,349
Accumulated (losses) retained earnings		**(7,875,424)**	2,009,364
Total shareholders' equity		**59,719,988**	70,531,556
Liabilities			
Non-current liabilities			
Lease liabilities- non-current portion	11	**7,027,353**	7,632,084
Employees' defined benefit plan obligation	18	**793,070**	603,086
Total non-current liabilities		**7,820,423**	8,235,170
Current liabilities			
Accounts payable, accrued expenses and other liabilities	15	**1,084,723**	1,761,111
Lease liabilities- current portion	11	**961,160**	1,009,286
Zakat provision	19	**492,361**	705,642
Total current liabilities		**2,538,244**	3,476,039
Total Liabilities		**10,358,667**	11,711,209
Total shareholders' equity and liabilities		**70,078,655**	82,242,765

The accompanying notes from (1) to (27) form an integral part of these consolidated financial statements.

Tharwat For Financial Securities Company
(A Saudi Closed Joint Stock Company)

Consolidated statement of profit or loss and other comprehensive income
For the year ended December 31, 2020
Saudi Riyals

	Note	2020	2019
Revenues from real estate activity	20	**1,796,514**	686,183
Management fees		**765,292**	470,616
Subscription fees		-	14,881
Dividends received		**584,032**	495,471
Change in fair value investments through profit or loss	13	**21,394**	43,245
Total operational revenue		**3,167,232**	1,710,396
Cost of real estate activity		**(636,004)**	(159,885)
General and administrative expenses	21	**(11,080,405)**	(7,824,465)
Selling and marketing expenses		**(791,503)**	(1,574,166)
Net loss from main operations		**(9,340,680)**	(7,848,120)
Finance costs		**(219,643)**	(208,820)
Other income, net	22	**195,653**	5,757,231
Net loss before zakat		**(9,364,670)**	(2,299,709)
Zakat	19	**(491,791)**	(628,366)
Net loss for the year		**(9,856,461)**	(2,928,075)
Other comprehensive income			
Items may not be reclassified subsequently to profit or loss			
Change in fair value investment through other comprehensive income	10	**(926,780)**	5,786,057
Losses from remeasurement of employees' defined benefit plan obligation	18	**(28,327)**	(61,977)
Total comprehensive (loss) income for the year		**(10,811,568)**	2,796,005
Earnings per share			
Earnings per share from main operations		**(1.56)**	(1.31)
Earnings per share from net (loss) income of the year		**(1.64)**	(0.49)

The accompanying notes from (1) to (27) form an integral part of these consolidated financial statements.

Tharwat For Financial Securities Company
(A Saudi Closed Joint Stock Company)

Consolidated statement of changes in shareholders' equity
For the year ended December 31, 2020
Saudi Riyals

	Share capital	Statuary reserve	Revaluation of fair value investments through other comprehensive income	Retained Earnings accumulated (losses)	Total
Balance as of January 1, 2019	60,000,000	1,668,843	1,067,292	6,999,416	69,735,551
Net loss for the year	-	-	-	(2,928,075)	(2,928,075)
Other comprehensive loss	-	-	5,786,057	(61,977)	5,724,080
Dividend distribution	-	-	-	(2,000,000)	(2,000,000)
Balance as of December 31, 2019	60,000,000	1,668,843	6,853,349	2,009,364	70,531,556
Net loss for the year	-	-	-	**(9,856,461)**	**(9,856,461)**
Other comprehensive loss	-	-	**(926,780)**	**(28,327)**	**(955,107)**
Balance as of December 31, 2020	**60,000,000**	**1,668,843**	**5,926,569**	**(7,875,424)**	**59,719,988**

The accompanying notes from (1) to (27) form an integral part of these consolidated financial statements.

Tharwat For Financial Securities Company
(A Saudi Closed Joint Stock Company)

Consolidated statement of cash flows
For the year ended December 31, 2020
Saudi Riyals

	2020	2019
Cash flows from operating activities		
Net loss for the year before zakat	**(9,364,670)**	(2,299,709)
Adjustments to reconcile net loss for the year before zakat to net cash (used in) provided by operating activities		
Depreciation of property, plant and equipment	**656,814**	273,373
Losses from disposal of property, plant and equipment	-	3,347
Right of use asset depreciation	**852,956**	426,479
Amortization of intangible assets	**39,252**	37,199
Closing of capital work in progress	**610,464**	-
Finance cost	**219,643**	208,820
Change in fair value investments through profit or loss	**(21,394)**	(43,245)
Provision for employees' defined benefit plan obligation	**235,850**	167,079
	(6,771,085)	(1,226,657)
Changes in operating assets and liabilities:		
Account receivables, prepaid expenses and other assets	**(1,814,839)**	8,389,223
Prepayments for investment purchase in fair value through profit or loss	**(20,950)**	(425,792)
Fair value investments through other comprehensive income	-	(5,745,631)
Accounts payable, accrued expenses and other liabilities	**(676,388)**	393,798
Employees' defined benefit plan obligation paid	**(74,193)**	(19,677)
Zakat paid	**(705,072)**	(984,130)
Net cash (used in) provided by operating activities	**(10,062,527)**	381,134
Cash flows from investing activities		
Additions to property, plant and equipment	**(60,604)**	(5,060,473)
Receipts from sales of property, plant and equipment	**4,269**	-
Additions to intangible assets	-	(14,165)
Additions to capital work in progress	-	13,000
Net cash used in investing activities	**(56,335)**	(5,061,638)
Cash flows from financing activities		
Dividend distribution	-	(2,000,000)
Lease obligation	**(872,500)**	(523,500)
Net cash used in financing activities	**(872,500)**	(2,523,500)
Net change in cash on hand and at banks	**(10,991,362)**	(7,204,004)
Cash on hand and at banks at the beginning of the year	**17,648,959**	24,852,963
Cash on hand and at banks at the end of the year	**6,657,597**	17,648,959
Non- cash transactions		
Right of use assets additions against lease obligations	-	8,956,050
Losses from remeasurement of employees' defined benefit plan	**28,327**	61,977
Change in fair value investments through other comprehensive income	**926,780**	5,786,057
Transferred from prepayments for purchase of fair value investments through other comprehensive income	-	3.832,140

The accompanying notes from (1) to (27) form an integral part of these consolidated financial statements.

1. Organization and Activities

A- Tharwat for Financial Securities Company (the "Company") is a Saudi Closed Joint Stock company registered in Riyadh, Kingdom of Saudi Arabia dated 23 Jumada Al-thani1435H (corresponding to April 24, 2014) under Commercial Registration No. 1010411783 in accordance with Capital Market Authority's license No. (14175/6) dated Jumada Al-Awal 5, 1435H (corresponding to March 13, 2014).

B- The principal activities of the Group (Tharwat for financial securities and its subsidiaries) are to act as principal, manage investments fund, custody in financial securities business in accordance with Capital Market Authority's letter No.(X/1/6/5212/15) dated Jumada Al-Thani 13, 1436H. the company started its activities in accordance with Capital Market Authority's letter No. (1/6/9309/14) dated Dhul Qadah 29, 1435H (corresponding to September 24, 2014). Also, the company started acting as principal in Jumada Al-Thani 30, 1436H (April 19, 2015) in accordance with Capital Market Authority's letter No. (1/6/6276/15). In addition to purchasing and selling lands and real estates and divide it, and off-plan sales activities and managing, leasing owned and leased real estates (non-residential) and other activities concerning real estate activities for owned and leased, Other activities related to real estate activities on the basis of a contract or against a fee, under a license from the Ministry of Housing, real Estate Developers Center, The Off-Plan Sale Program (Wafi) No. 403, dated Rabi 'Al-Akhir 24, 1442H (corresponding to December 9, 2020).

C- The consolidated financial statements include the financial statements for the company and the following subsidiaries:

Company's name	Ownership percentage	Country of origin
Mawan Real Estate company	100%	Kingdom of Saudi Arabia
Tharwat Oak Fund Company limited*	100%	Cayman Islands
Tharwat UK Real Estate Genesis HoldCo Limited*	100%	Jersey islands

* During the year 2020, the Group invested in Tharwat Oak Fund Company limited capital (Company established in Cayman Islands at 2 April 2020) and paid SAR 187,500 (Equivalent USD 50,000) which correspond to 100% of the invested company's capital. The company also invested in Tharwat UK Real Estate Genesis HoldCo Limited capital (company established in Jersey islands at 7 May 2020) and paid SAR.10 (Equivalent to GBP 2) which correspond to 100% of the invested company's capital, both companies didn't undertake any activity during the year, also, no financial statements were prepared for them for the year ending December 31, 2020, accordingly, these investments were recorded at cost.

2. Basis of preparing consolidated financial statements

Statement of compliance

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and publications endorsed by the Saudi Organization for Certified Public Accountants.

Basis of measurement

The consolidated financial statements have been prepared according to historical cost principle and the going concern assumption and the accrual basis of accounting. Other basis will be used if International Financial Reporting Standard as endorsed in Saudi Arabia and other standards and publications that are endorsed by the Saudi Organization for Certified Public Accountants require that, as stated in applied accounting policies (note 6).

2. Basis of preparing consolidated financial statements (continued)

Functional and presentation currency

The consolidated financial statements are in Saudi Riyals which includes the functional currency and are rounded to the nearest Saudi Riyal.

Accounting records

The group maintains regular accounting records by computer and in Arabic.

Use of judgements, assumptions and estimates

The preparation of financial statements of the group management in conformity with accounting standards requires the use of estimates, assumptions and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.
The estimates and associated assumptions are based on historical experience and other factors including consultation and future forecasts that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in current and future periods affected.

The most significant elements that are subject to estimation and assumptions that affect the accounting policies applied and may therefore affect the amounts included in the financial statements as follows:

<u>Useful lives, residual value of the property, plant and equipment and intangible assets</u>
The Group's management estimates the estimated useful lives and residual values of property, plant and equipment and intangible assets. This estimate is determined after taking into account the expected use of the asset or damage and natural obsolescence.
The management reviews the useful life, residual value or method of depreciation of the property, plant and equipment and the amortization of intangible assets annually. Future depreciation is adjusted when the management believes that the useful life, residual value or depreciation and amortization method is different from that used in prior periods.

<u>Impairment of non-financial assets</u>
Non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in Statement of profit or loss.

<u>Employees' Benefits</u>
The cost of employees' end of service plans and the present value of end of service benefits are determined using actuarial valuations, actuarial valuations include assumptions that may differ from actual future developments. Including the determination of the discount rate and the future increase in salaries, deaths and future increases in salaries. As a result of the complexity of the evaluation process, the main assumptions and their long-term nature, the obligation of the specified benefits on the sensitivity changes in these assumptions. All assumptions are reviewed at the reporting date.

2. Basis of preparing consolidated financial statements (continued)

Impairment in trade receivables and others
The collectible amount of trade and other receivables is estimated when collection of the amount in whole or in part is not probable. This estimate is made for each significant amount on an individual basis. As for the amounts, none of which are considered material but overdue, they are assessed collectively and a provision adopted according to the length of the delay, based on historical recoverable rates.

Zakat
In the calculation of zakat for the current year, the group adjusted its net profit and adopted a special discount for its zakat base to calculate zakat expense. The group made the best assumptions for these assumptions (note 19).

Going concern
The Group's management has made an assessment of its ability to continue on the basis of the going concern concept and has come to the conviction that it has the resources to continue its activity in the foreseeable future. In addition, the management is not aware of any material certainty that may cast doubt on the Group's ability to continue as a going concern. Accordingly, the financial statements have been prepared on the going concern concept.

3. New standards and amendments to standards, interpretations and issued standards that have not yet been applied

New standards and amendments to standards and interpretations

No new standards issued, however the application of the following amendments to the current standards does not have any significant financial impact on the financial statements of the Group in the current period or previous periods, and it is expected that they will not have a significant impact in future periods:

- Amendments on the conceptual Framework for Financial Reporting in International Financial Reporting Standards.
- Amendments to IFRS 3 (Business Definition).
- Amendments to International Accounting Standard No. 1 and International Accounting Standard No. 8 regarding the definition of materiality.
- Amendments to IFRS 9, IAS 39 and IFRS 7 regarding correcting interest rate measurement.

4. Issued standards that have not yet been applied
A number of new declarations are effective for annual periods beginning on or after January 1, 2021, with early application permitted. However, the group did not implement early application of the new or amended standards in preparing these consolidated financial statements.

Standard / interpretation	**Description**	**Effective from periods beginning on or after the following date**
Amendments to International Financial Reporting Standards 17	Insurance contracts	January 1, 2021
Amendments to International Accounting Standard No. 1	Classification of liabilities between current and non-current	January 1, 2022

The Group is evaluating the effects of the above-mentioned standards, amendments and interpretations on the Group's consolidated financial statements.

5. Basis of consolidation

The consolidated financial statements consist of consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cashflows and notes to the consolidated financial statements. This includes the group's assets, liabilities and result of its operations and its affiliates as stated in note (1). The subsidiary is the company controlled by Tharwat for financial Securities. Tharwat for financial Securities Company controls the subsidiary when it has the right to various revenues as a result of its participation and its ability to influence these revenues through its control of the subsidiary. The subsidiary is consolidated as of the date that Tharwat for financial Securities Company controls the subsidiary and until it ceases to exercise that control. Tharwat Securities uses the cost method to account for the grouping of operations when control is transferred to them. The cost of acquisition is measured at the fair value of the assets acquired.
All transactions were eliminated, as well as unrealized balances, profits and losses resulting from transactions between the two companies are eliminated. The accounting policies of the subsidiary are modified when necessary to ensure consistency with the policies followed by Tharwat Securities. Tharwat Securities and its subsidiary prepare their financial statements for the same reporting periods.

6. Summary of significant accounting policies

The following is a summary of the significant accounting policies adopted by the Group:

Property, machines and equipment

Property and equipment are carried at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease which ends first.

During the year, the group re-estimated the depreciation rates for some assets, the depreciation rates of the principal classes for property, machines and equipment are as follows

	Depreciation rate after re-estimation
Leasehold Improvements	10-20% or leasing contract duration whichever is shorter
Furniture and fixtures	10-25%
Office equipment	25%
Computers	25%
Vehicles	25%

Revisions to useful life and depreciation method are performed periodically to ensure that the method and depreciation period is relevant to economic benefits expected from property, machines and equipment.

Intangible assets

Computer software: Computer software purchased is stated at cost less accumulated amortization and any accumulated impairment losses and is amortized over their estimated useful lives of four years using the straight-line method. If there is an indication of a significant change in the useful life or the residual value of this intangible asset, future amortization is adjusted to reflect new projections.

6. Summary of significant accounting policies (continued)

Capital work in progress

Capital work in progress is stated at cost and are not depreciated. Depreciation of capital work in progress begins when the assets are ready for use and are then transferred to property, machines, and equipment or real estate investments. Financing costs on loans are capitalized to finance the creation of qualifying assets during the certain period to complete and set up the asset for intended use.

Financial instruments

Standard (9) includes three main categories for classification with respect to financial assets: measured at amortized cost, measured at fair value through other comprehensive income, and measured at fair value through profit or loss. This classification is generally dependent on the business model within which the financial asset is managed and the contractual cash flows associated with it.
On initial recognition, financial assets are classified at amortized cost, fair value through other comprehensive income, fair value through profit or loss.

Financial assets at the amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are maintained within a business model that aims to maintain financial assets and collect their contractual cash flows.
- The contractual terms of the financial assets result in cash flows limited to payments of principal and interest due to the amount of principal outstanding.

<u>Debt instruments:</u>

A debt instrument is measured at FVTPI only if it fulfills the following two conditions (which is not designated at FVTPL):
- It is maintained within a business model that fulfills its purpose by collecting both contractual cash flows and selling financial assets, and
- The contractual terms of financial assets result in cash flows on specified dates which are considered only payments of principal and interest due on the principal amount outstanding.

Financial assets measured at FVOCI have been classified as non-current assets in the statement of financial position.

<u>Equity instruments:</u>

On initial recognition for an equity investment not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This selection is made on a per investment basis.

<u>Financial assets at fair value through profit or loss</u>

All other financial assets are classified as measured at FVTPL.
In addition, upon initial recognition, the group may irrevocably identify a financial asset that meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as well as at fair value through profit or loss if doing so eliminates or substantially reduces the accounting mismatch. That may arise.
Financial assets are not reclassified after initial recognition, except for the period after the Group changes its business model for managing financial assets.

6. Summary of significant accounting policies (continued)
Financial instruments (continued)

Financial assets at fair value through other comprehensive income
Listed shares owned by the Group that are traded in an active financial market are classified as available-for-sale financial assets and are stated at fair value. The Group also owns investments in unlisted shares that are not traded in active markets but are also classified as financial assets available for sale and recorded at fair value, due to the belief of management that it is possible to measure their fair value in a reliable manner. Profits and losses resulting from the change in fair value are included in other comprehensive income items, which are added to the item cumulative changes in the fair value of investments within equity, with the exception of impairment losses, which are included in profits and losses. In the event that the investment is excluded or there is a specific impairment in its value, the profits or losses as a result of its previous evaluation and recognized in the investment revaluation reserve are included in the statement of other comprehensive income. Any available-for-sale investment dividend income is recognized when the group's right to receive payment for dividends from those investments is established.

Business model assessment
The Group makes an assessment of the objective of a business model under which an asset is held, at a portfolio level because this best reflects the way the business is managed and information is provided lo management. The information considered includes:
- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group'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 in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial is achieved and achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or case' scenarios into account If cash flows after initial recognition are realized in a way that is different from the Company's original expectations. the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

6. Summary of significant accounting policies (continued)
Impairment in value

Financial assets
IFRS 9 requires the Group to record an expected credit loss allowance for all loans and receivables not held at FVTPL.

ECLS are based between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For other receivables, the Company has applied the standard's simplified approach and has calculated ECLS based on lifetime expected credit losses. The 12-month ECL is the portion of lifetime ECLS that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The adoption of the ECL requirements of IFRS 9 resulted recording an impairment provision for the accounts receivable and debt financial assets for the reason of no past experience for the company's expected credit loss.

Non-financial assets
Non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units to which the asset belongs, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.
The recoverable amount is the fair value of the asset less cost of sale or the value of usage, which is higher.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in Statement of Profit or Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Derecognition
A financial asset is primarily derecognized when the contractual rights to receive cash flows from the asset and transfer of all significant risks and ownership to a third party. If the Group does not transfer or retain substantially the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained share in the transferred asset and its related liabilities within the amounts expected to be paid. If the Group retains substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the financial asset.

6. Summary of significant accounting policies (continued)

Right of use assets and leases obligations

The Group has recognized new assets and liabilities for its operating leases, which are represented in the lease contract for the Group's headquarters. Each rental payment is apportioned between the liability and the finance cost. The finance cost is charged to the consolidated statement of profit or loss over the lease term so that a constant periodic rate of interest is achieved on the remaining balance of the liability for each period. The right to use the asset is depreciated over the useful life of the asset and the lease term, whichever is shorter, on a straight-line basis.
The assets and liabilities arising from the lease contract are initially measured on the basis of the present value of the unpaid lease payments at the inception date of the contract, and the Group's incremental borrowing rate is used.

Related parties

The related party is a person or entity related to the company (or the group), and the person is related if he owns control or significant influence over the company (or the group) or is a member of the main management, and the entity is related if the facility and the company and the group are members of the same company as a parent company or a subsidiary or an associate company or associated with a joint venture, or both entities are a joint venture of a third party.

Transaction with related parties transfer of resources, services, or obligations between the company (or the group) and the related party, regardless of whether the price is charged. Key management personnel are the authorized and responsible persons for planning and management, and they have direct or indirect control over the operations of the company (or the group), including the manager.

Cash on hand and at banks

Cash on hand and at banks include banks current accounts which can be liquidated in three months or less from acquisition date.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for services, whether billed by the supplier or not.

Employee benefits

Employees' defined benefit plan obligation

The end of service benefits provision, which is a defined benefit plan, is determined using the projected unit credit method, with actuarial valuations being carried out at the end of annual reporting period.
Remeasurements comprising actuarial gains and losses, are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to the consolidated statement of profit or loss.

Retirement benefits

The Group pays retirement contributions for its Saudi Arabian employees to the General Organization for Social Insurance. This represents a defined contribution plan. The payments made are expensed as incurred.

6. Summary of significant accounting policies (continued)
Employee benefits (continued)

Short-term employee benefits
A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.
Liabilities recognized in respect of short-term employee benefits related to the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Provisions
Provisions must be recognized when the Group has a present obligation (legal or implicit) as a result of a past event, and it is probable that it will require an outflow of resources with economic benefits to settle this obligation, and that an estimate of the amount of the obligation can be made in a reliable manner.

Provisions are measured according to the best expectations of the allowance required to meet the obligation as of the consolidated statement of financial position date, after taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the current obligation, the receivable is recognized as an asset if the receipt and replacement of the amount is certain and the amount can be measured reliably.

Zakat
- Zakat provision is recognized at the end of each financial year in accordance with the regulations of the General Authority for Zakat and Income in the Kingdom of Saudi Arabia ("the Authority").
- Zakat is charged at the end of each financial year in the statement of profit or loss. Zakat liabilities, (if any), related to zakat assessments over previous years are recognized by the Authority in the period in which the final assessments are shown.

Assets under management
The Group offers assets management services to its customers, which include management of certain mutual funds. Such assets are not treated as assets of the Group and accordingly are not included in the consolidated financial statements.

Revenue recognition
Revenue is recognized upon delivery of services to customers and is stated net of discounts.
Fees charged for managing assets are recognized as revenue as the services are provided. Management investment funds revenue and custody funds revenues according to time basis. Subscription fees are recognized upon subscription of the investor to the Fund.
Fund performance income is recognized at the year end, if the fund results meet the annual preset target. Advisory service fees are accrued on a time proportionate basis, as the services are rendered. Dividends from investments are recognized when earned or publicly declared by the investee. Commission income is recognized on an accrual basis.

Expenses
All costs incurred by the Group during the financial year related to the administration are classified as general and administrative expenses and selling and marketing expenses.

6. Summary of significant accounting policies (continued)

Lease contracts
Leases are classified as finance leases when the risks and benefits of ownership are transferred substantially to the lessee under the terms of the lease contracts, and other types of lease contracts are classified as operating leases.

- The Group as a lessee

Financing leases that effectively transfer all the significant benefits and risks to property ownership to the Group at the commencement of the lease are capitalized at fair value on the acquisition date, or if less, at the present value of the minimum lease payments. Lease payments are apportioned between the financial burden and the reduction of the lease contract obligations to achieve a fixed commission rate on the remaining balance of the liabilities. Financial burdens are recognized in finance costs in the consolidated statement of profit or loss.

Leased assets are depleted over the useful life of the asset. However, if there is no reasonable certainty that the group will acquire the ownership at the end of the lease term, the asset is depleted during the estimated useful life of the asset or the contract period, whichever is less.

An operating lease is a lease contract that differs from a finance lease. Payments under operating leases are recognized as an operating expense in the consolidated statement of profit or loss on a straight-line basis over the term of the lease.

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

Foreign currency translation
Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at the end of the year. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of profit or loss and other comprehensive income

7. Property, plant and equipment, net

a- This item consists of the following:

	Leasehold Improvements SAR	Furniture and Fixtures SAR	Office equipment SAR	Computers SAR	Vehicles SAR	Total SAR
Cost						
Balance as of January 1, 2020	3,498,316	1,706,281	540,312	205,944	94,400	6,045,253
Additions	15,000	-	10,394	35,210	-	60,604
Disposals	-	-	-	(5,750)	-	(5,750)
Balance as of December 31, 2020	**3,513,316**	**1,706,281**	**550,706**	**235,404**	**94,400**	**6,100,107**
Accumulated depreciation						
Balance as of January 1, 2020	77,401	415,266	154,103	128,530	69,900	845,200
Charged for the year	363,540	138,436	113,258	29,105	12,475	656,814
Disposals	-	-	-	(1,481)	-	(1,481)
Balance as of December 31, 2020	**440,941**	**553,702**	**267,361**	**156,154**	**82,375**	**1,500,533**
Net book value						
Balance as of December 31, 2020	**3,072,375**	**1,152,579**	**283,345**	**79,250**	**12,025**	**4,599,574**

7. Property, plant and equipment, net (continued)

a- This item consists of the following (continued):

	Leasehold Improvements SAR	Furniture and Fixtures SAR	Office equipment SAR	Computers SAR	Vehicles SAR	Total SAR
Cost						
Balance as of January 1, 2019	743,951	491,531	205,234	161,450	94,400	1,696,566
Additions	3,387,986	1,290,836	335,757	45,894	-	5,060,473
Disposals	(633,621)	(76,086)	(679)	(1,400)	-	(711,786)
Balance as of December 31, 2019	3,498,316	1,706,281	540,312	205,944	94,400	6,045,253
Accumulated depreciation						
Balance as of January 1, 2019	540,458	459,921	111,294	111,168	57,425	1,280,266
Charged for the year	167,754	30,894	43,488	18,762	12,475	273,373
Disposals	(630,811)	(75,549)	(679)	(1,400)	-	(708,439)
Balance as of December 31, 2019	77,401	415,266	154,103	128,530	69,900	845,200
Net book value						
Balance as of December 31, 2019	3,420,915	1,291,015	386,209	77,414	24,500	5,200,053

B-Depreciation of property, machines and equipment is allocated as follows:

	2020 SAR	2019 SAR
General and administrative expenses (note 21)	**605,587**	225,670
Selling and marketing	**51,227**	47,703
	656,814	273,373

8. Intangible assets, net

A-This item represents the amounts paid for the purchase of Software and it is amortized over the useful life estimate by 4 years, and it consists of the following:

	2020 SAR	2019 SAR
Cost		
Balance as of January, 1	**480,602**	466,437
Additions	-	14,165
Balance as December, 31	**480,602**	480,602
Accumulated amortization		
Balance as of January, 1	**374,269**	337,070
Charged for the year	**39,252**	37,199
Balance as December, 31	**413,521**	374,269
Net book value		
Balance as December, 31	**67,081**	106,333

B- Intangible assets amortization is allocated as the following:

	2020 SAR	2019 SAR
Selling and marketing expenses	**35,712**	35,712
General and administrative expenses (Note 21)	**3,540**	1,487
	39,252	37,199

9. Capital work in progress

Capital work in progress represent amounts spend on leased lands in Riyadh-Al-Moatamarat District to use the land for investment project. During 2019, the work on the project has been stopped due to the delay in issuing the required licenses to complete the project the group's management expect obtain the required licenses during the year 2020 and to continue the work progress.

10. Fair value investments through other comprehensive income

a- The cost and fair value of available for sale investments as at December 31, 2020 are as follows:

	Cost at Beginning of the year	Purchases during the year	Sales during the year	Change in fair value	Fair value
As of December 31, 2020					
Closed ended investment funds-b	**29,500,000**	-	**6,282,764**	**35,782,764**	**(895,625)**
Open ended investment funds	**2,184,978**	-	**(356,195)**	**1,828,783**	**(31,155)**
Shares in companies' capital-c	**7,577,771**	-	-	**7,577,771**	-
	39,262,749	-	**5,926,569**	**45,189,318**	**(926,780)**
As of December 31, 2019					
Closed ended investment funds-b	27,500,000	2,000,000	7,178,389	36,678,389	5,858,389
Open ended investment funds	2,184,978	-	(325,040)	1,859,938	(72,332)
Shares in companies' capital-c	-	7,577,771	-	7,577,771	-
	29,684,978	9,577,771	6,853,349	46,116,098	5,786,057

b- The group invested in closed ended fund (Tharwat Al-Riyadh Industrial Fund) managed by the group and the group owns 2,750,000 units (2019: 2,750,000 unit) with a par value SAR 10 for each unit. Additions on the investments on closed investment funds represents purchase of units in (Tharwat of Nakhala) fund managed by the group and the group owns 200,000 unit with a par value SAR 10 for each unit.

c- The item represents the value of investments in the companies' securities outside of the Kingdom of Saudi Arabia amounted to SAR 3,832,140 against a non-controlling interest of 1% of the capital of the group invested in through the General Coordinator of Investment, Gulf Islamic Investment Group and the amount of SAR 3,745,631 against a non-controlling interest of the shares of a foreign company with a percentage of 0.41% of the capital of the company invested in, through the General Coordinator of Investment Saudi Invest Corp for financial investments.

11. Right of use assets and lease liabilities

The following schedule states right of use assets balance and lease liabilities in addition to depreciation charged during the year ended December 31,2020:

	Right of use Assets	Lease liabilities
Balance as of January 1, 2020	**8,529,571**	**8,641,370**
Right of use assets depreciation	**(852,956)**	-
Discount	-	**(652,857)**
Balance as of December 31, 2020	**7,676,615**	**7,988,513**
Non-current portion	**7,676,615**	**7,027,353**
Current portion	-	**961,160**

11. Right of use assets and lease liabilities (continued)

	Right of use Assets	Lease liabilities
Balance as of January 1, 2019	-	-
Additions during the year	8,956,050	8,956,050
Right of use assets depreciation	(426,479)	-
Discount	-	(314,680)
Balance as of December 31, 2019	8,529,571	8,641,370
Non-current portion	8,529,571	7,632,084
Current portion	-	1,009,286

The financing costs on lease obligation contracts recognized during the year ended December 31,2020 amounting SAR 219,643 (2019: SAR 208,820). The Group followed a policy of charging the financing cost on the consolidated statement of profit or loss over the lease period using the effective interest rate. The right to use the assets was also amortized over the useful life of the asset or the lease period, whichever is shorter, on a straight-line basis.

Expenses related to short-term for low-value leases during the year ended December 31, 2020, amounted to 139,218 Saudi riyals (2019: 347,485 Saudi riyals).

12. Accounts receivable, prepaid expenses and other assets

	2020	2019
Accounts receivable	**3,655,602**	2,909,628
Advances to suppliers	**998,148**	-
Prepaid expenses	**427,483**	464,628
Value added tax "Tharwat Financial Securities"	**292,006**	180,644
Refundable deposits	**3,850**	3,850
Other	-	3,500
	5,377,089	3,562,250

13. Fair value investments through profit or loss

Investments at fair value through profit or loss represent shares of Saudi joint stock companies listed on the Saudi stock market, and the following are the movements of these investments during the two years ending on December 31:

	2020	2019
Balance as of January 1	**469,037**	-
Additions during the year	**20,950**	425,792
Change in fair value investments through profit or loss	**21,394**	43,245
Balance as of December 31	**511,381**	469,037

14. Cash on hand and at banks

	2020	2019
Cash on hand	**23,849**	2,226
Cash at banks	**6,633,748**	17,646,733
	6,657,597	17,648,959

15. Accounts payable, accrued expenses and other liabilities

	2020	2019
Accounts payable	**653,159**	1,106,345
Employee's accruals	**279,512**	320,033
Accrued fees	**60,000**	96,650
Value added tax "Mawan Real Estate Investment Company"	**65,668**	22,630
Other	**26,384**	215,453
	1,084,723	1,761,111

16. Capital

The Group's share capital is set at SAR 60,000,000 divided into 6,000,000 shares of an equal value, each with a par value of SAR 10 each, all of which are ordinary shares as follows:

Shareholders	**No. of shares share**	**Share value SAR**	**Paid share value SAR**	**Ownership %**
Hamad Mohammad Mousa Al-Mousa	2,820,000	28,200,000	28,200,000	%47
Khalid Ibrahim Abdul Rehman Al-Salman	1,800,000	18,000,000	18,000,000	%30
Mohammad Ibrahim Abdul Rehman Al-Salman	600,000	6,000,000	6,000,000	%10
Salman Ibrahim Abdul Rehman Al-Salman	600,000	6,000,000	6,000,000	%10
Mohammad Hamad Mohammad Al-Mousa	180,000	1,800,000	1,800,000	%3
Total	6,000,000	60,000,000	60,000,000	%100

17. Statutory reserve

- In accordance with Companies Regulation and the Article of Association, the Group must set aside 10% of its net profit each year to statutory reserve. The shareholders may resolve to discontinue such transfers when the reserve reaches 30% of the capital. The reserve is not available for distribution.

- The group did not obtain such reserve during the year due to losses.

18. Employees 'defined benefit plan obligation

The movement of measurement of employees' defined benefits for the years ended December 31:

	2020	2019
Balance of obligations at the beginning of the year	**603,086**	393,707
Stated in statement of profit or loss and other comprehensive income		
Current service cost	**216,950**	148,173
Interest cost	**18,900**	18,906
Losses from remeasurement of employees' defined benefit plan	**28,327**	61,977
Employees' defined benefit plan paid	**(74,193)**	(19,677)
Balance of obligations at the end of the year	**793,070**	603,086

19. Zakat provision

The movement of zakat provision as of December 31 is as follows:

	2020	2019
Balance, at the beginning of the year	**705,642**	1,061,406
Provided during the year	**491,791**	628,366
Paid during the year	**(705,072)**	(984,130)
Balance, at the end of the year	**492,361**	705,642

B- Zakat status

- Tharwat for financial securities

The company submitted the Zakat declaration and the financial statements for all from the establishment date until 2019 and paid all the dues and received the required certificates and formal receipts.

During 2017, the authority issued additional assessments for the years 2014 and 2015 in the amount of 1,919,631 Saudi riyals. The company's objection. As a result, the company objected to the Appeal Committee for Tax Violations and Disputes, and the appeal hearing with the Appeal Committee is still pending.

During the year 2018, the Authority issued additional assessments for the year 2016, in the amount of 1,181,688 Saudi riyals, as the company submitted an objection to these assessments and these objections were rejected by the Authority, and accordingly the company escalated to the Preliminary Committee for adjudication of violations and tax disputes, and the objection hearing is still at the appeal committee is pending.

During the year 2020, the authority issued additional assessments for the years 2017 and 2018 in the amount of 879,270 Saudi riyals and 735,807 Saudi riyals, respectively, as the company submitted an objection to those assessments and the objections were rejected by the authority, and accordingly the company escalated to the primary committee for adjudication of violations and disputes. The tax hearing, and the appeal hearing is still pending.

The Company's management supposes that its objections to the additional zakat assessments will be accepted and that no significant liability will arise for the final resolution of these objections, therefore no provision for these additional zakat assessments has not been recorded in the financial statements.

19. Zakat Provision (continued)

B- Zakat status (continued)

- Mawan Real Estate company

The company submitted Zakat declaration and the financial statements for years 2018 and 2019, and paid all the dues and received the required certificates and formal receipts. The company didn't receive any assessment for these year till this date

20. Revenue from real estate activity

	2020 SAR	2019 SAR
Development fees	**1,014,291**	247,703
Commissions	**596,780**	438,480
Fees of the real estate manager	**185,443**	-
	1,796,514	686,183

21. General and administrative expenses

	2020 SAR	2019 SAR
Employees' salaries and benefits	**6,866,884**	5,276,768
Professional fees	**1,642,167**	952,526
Right use of assets (note 11)	**852,956**	426,479
Depreciation of property, machines and equipment (note 7)	**605,587**	225,670
Maintenance and other office expenses	**241,560**	297,451
Government fees	**157,639**	196,099
Rents	**139,218**	347,485
Insurance	**105,825**	100,500
VAT	**57,327**	-
Amortization of intangible assets (note 8)	**3,540**	1,487
Others	**407,702**	-
	11,080,405	7,824,465

22. Other income, net

	2020 SAR	2019 SAR
Commission revenues*	-	5,837,299
Losses from sale of property, machines and equipment	-	(3,347)
Other income (expenses)	**195,653**	(76,721)
	195,653	5,757,231

*This item represents, which amount zero (2019: SAR 5,837,299), the net amount received and paid out of commissions on sale of land belonging to funds to be raised by the group.

23. Capital Regulatory Requirement and Capital Adequacy

The Group's objectives when managing capital are, to comply with the minimum capital requirements set by CMA; to safeguard the Group's ability to continue as a going concern and to maintain an adequate capital base throughout the year.

The Group monitors the capital adequacy and related ratios using the framework established by CMA decision No. 1-40-2012 dated Safar 17, 1434H (corresponding to December 30, 2012). The rules provide that the authorized person must have a capital base on an ongoing basis that is compatible with at least the total capital requirements as set out in Part III of the prudential rules.

	2020 (Thousands) SAR	2019 (Thousands) SAR
Capital base		
Tier-1 Capital	**53,726**	63,572
Tier-2 Capital	**5,927**	6,853
Total Capital base	**59,653**	70,425
Minimum Capital		
Credit risk	**42,669**	42,869
Market risk	**252**	84
Operational risk	**3,305**	2,599
Total minimum capital requirements	**46,226**	45,552
Adequacy capital ratio (Time)		
Total Capital ratio (Time)	**1,29**	1,55
Surplus capital	**13,427**	24,873

24. Important matters

Due to the conditions the world is passing through, the World Health Organization announced that the coronavirus as “Global pandemic "and this epidemic has resulted in disturbances in commercial and economic activities at the global level. Because it was not possible to determine the expected extent of the end of this crisis and its implications, the Group’s management was unable to determine the impact of this on the financial statements for the subsequent periods.

25. Financial instruments and risk management and fair value

Financial instruments carried on the consolidated statement of financial position include principally cash on hand and at banks, accounts receivable, available for sale investments, prepaid expenses and other assets and accrued expenses and other liabilities.

Credit risk

It is the inability of a party to fulfill his obligations which causes the other party to incur a financial loss. The Group has no significant concentration of credit risk. Cash at banks are placed with local banks with sound credit ratings. Trade receivables and other accounts are due mainly from customers in the local market and stated at net realizable value.

Market risk

Market risk is the risk that the impact of fluctuations in market prices, such as interest rates and stock prices on the group's income or the value of its assets of financial instruments, the purpose of market risk management is to manage the exposure to market risks, reduce and keep it within acceptable limits at the same time maximizing the return of risk.

Foreign exchange risk

Foreign exchange rate risk comprises various risks related to the effect of changes in currency exchange rates on the Group's financial position and its cash flows. The Group monitors currency fluctuations and believes that the impact of currency risk is not material.

Liquidity risk

Liquidity risk is the inability of the Group to fulfill its obligations, specially loans obligations, the group has sufficient funds to meet these obligations when due.

Equity price risk

Equity price risk is the risk that the value of financial instruments will fluctuate because of changes in market prices.

The Group’s investments are susceptible to market price risk arising from uncertainties about future prices. The Group manages this risk through diversification of its investment portfolio in terms of geographical distribution and industry concentration.

Fair value

Fair value represents the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties on arm’s length basis. The Group’s financial instruments are presented at historical cost basis, differences may arise between the book value and fair value estimates. Group’s management believes that the fair values of the Group’s financial assets and liabilities are not materially different from their carrying values.

26. Subsequent events

Till the date of the consolidated financial statements no significant subsequent events after the date of the consolidated financial statements and prior the issuance of these consolidated financial statements requires modification or disclosure.

27. Financial statements approval

The consolidated financial statements were approved by board of directors at Rajab 16, 1442H (February 28, 2021),