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RSM Allied Accountants
Dr. Abdelgadir Bannaga & Partners Co.

Tharwat Saudi Equity Fund
(Managed by Tharwat for Financial Securities)
Interim Financial Statements (Unaudited)

For The Six - Months Ended June 30, 2021
And Independent Auditor's Limited Review Report

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

Interim Financial Statements and Independent Auditor's Limited Review Report (Unaudited)
For The Six - Month Period Ended June 30, 2021

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Independent Auditor' report on limited review of the interim finical statement

To the Unitholders of Tharwat Saudi Equity Fund

Introduction

We have reviewed the accompanying interim statement of financial position of Tharwat Saudi Equity Fund (the Fund), which is managed by Tharwat for financial securities (The Fund Manager) as at June 30, 2021 and the interim statements of profit or loss and other comprehensive income, interim statement of changes in net assets attributable to unitholders and interim statement of cash flows for the six - month period that ended on that date 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 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.

Allied Accountants
Dr. Abdelgadir Bannaga and Partners Company

Mohammed Bin Farhan Bin Nader
License No. 435
Riyadh, Saudi Arabia
Dhul-Hijjah 18, 1442H (corresponding to July 28, 2021)



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

Interim Statement Of Financial Position (Unaudited)
As at June 30, 2021
(Saudi riyals)

	<u>Note</u>	<u>June 30, 2021</u> <u>(unaudited)</u>	<u>December 31,</u> <u>2020</u> <u>(audited)</u>
Assets			
Investments at fair value through profit or loss	5	636,276	260,611
Prepaid expenses		8,958	-
Cash at banks		1,247,256	1,611,405
Total assets		<u>1,892,490</u>	<u>1,872,016</u>
Liabilities			
Due to a related party	6	4,336	4,395
Accrued Expenses		25,394	39,850
Total liabilities		<u>29,730</u>	<u>44,245</u>
Equity attributable to unitholders			
Net assets attributable to unitholders		<u>1,862,760</u>	<u>1,827,771</u>
Units issued (numbers)		<u>205,370</u>	<u>205,370</u>
Unit value		<u>9.07</u>	<u>8.90</u>

The accompanying notes (1) to (9) form an integral part of these interim financial statements

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

Interim Statement of Profit or Loss And Other Comprehensive Income (Unaudited)
For The Six - Month Period Ended June 30, 2021
(Saudi riyals)

	Note	For the six-month period ended 30 June	
		2021 (unaudited)	2020 (unaudited)
<u>Income</u>			
Unrealized gains from investments at fair value through profit or loss	5	84,220	7,846
Dividend distributions		8,170	6,056
Realized loss from sale of investments at fair value through profit or loss	5	-	(1,222)
Gross income for the period		92,390	12,680
<u>Expenses</u>			
Management fees	6	(8,597)	(8,663)
Custodial fees	6	(9,918)	(9,945)
Other expenses		(38,886)	(29,825)
Total expenses for the period		(57,401)	(48,433)
Net profit (loss) of operations for the period		34,989	(35,753)
Other comprehensive income		-	-
Total comprehensive loss for the period		34,989	(35,753)

The accompanying notes (1) to (9) form an integral part of these interim financial statements

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

Interim Statement of Changes in Net Assets Attributable to Unitholders (Unaudited)
For The Six - Month Period Ended June 30, 2021
(Saudi riyals)

	For the six-month period ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
Net assets value at the beginning of the period	1,827,771	1,859,929
Net profit (loss) of operations for the period	34,989	(35,753)
Net assets at the end of the period	1,862,760	1,824,176

Units' transactions

Below is a summary of unit's transactions for the period

	For the six-month period ended 30 June	
	2021	2020
	Units	Units
Units at the beginning of the period	205,370	205,370
Net change in units	-	-
Units at the end of the period	205,370	205,370

The accompanying notes (1) to (9) form an integral part of these interim financial statements

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

Interim Statement of Cash Flows (Unaudited)
For The Six - Month Period Ended June 30, 2021
(Saudi riyals)

	For the six-month period ended 30	
	June	
	2021	2020
	(unaudited)	(unaudited)
Cash flows from operating activities		
Net income (loss) for the period	34,989	(35,753)
Adjustments to reconcile net income (loss) for the period to net cash used in operating activities		
Unrealized gains from investments at fair value through profit or loss	(84,220)	(7,846)
Realized loss from sale of investments at fair value through profit or loss	-	1,222
	(49,231)	(42,377)
The changes in operating assets and liabilities		
Investments at fair value through profit or loss	(291,445)	(134,205)
Prepaid expenses	(8,958)	(22,997)
Due to a related party	(59)	(157)
Accrued expenses	(14,456)	(15,155)
Net cash used in operating activities	(364,149)	(214,891)
Net change in cash at banks	(364,149)	(214,891)
Cash at banks at the beginning of the period	1,611,405	1,652,218
Cash at banks at the end of the period	1,247,256	1,437,327

The accompanying notes (1) to (9) form an integral part of these interim financial statements

Notes To The Interim Financial Statements (Unaudited)
For The Six - Month Period Ended June 30, 2021

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.

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 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.

3 - Basis of preparation

Statement of compliance

The interim financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed in Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Authority of Auditors and accountants.

Basis of measurement

These interim financial statements are prepared under the historical cost convention, accrual basis of accounting and going concern basis.

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.

Use of judgments, estimates and assumptions

The preparation of the interim financial statements in accordance with International Financial Reporting Standards as endorsed in Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) requires the use of certain judgments, estimates and assumptions that affect the amounts of assets and liabilities presented, and the disclosure of potential assets and liabilities at the date of the preparation of the financial reports and the recognized amounts of revenue and cost during the financial reporting period. Estimates and judgments are continually assessed based on past experience and other factors, including expectations for future events that are believed to be reasonable under the current circumstances. The Branch makes estimates, assumptions and judgments related to the future, and the resulting accounting estimates rarely equal the actual results.

Areas involving a higher degree of judgment or estimates or areas of relative importance where assumptions, estimates have significant impacts on interim financial statements are as follows:

Notes To the Interim Financial Statements (Unaudited) (continued)
For The Six - Month Period Ended June 30, 2021

3 - Basis of preparation (continued)

Use of judgments, estimates and assumptions (continued)

Impairment of -non-financial assets

The fund management periodically reviews the book value of non-financial assets to determine if there is any indication that these assets may incur any impairment loss. If any indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, when it is not possible to estimate the recoverable amount of an individual asset, the Fund estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, and the decrease is recognized in the interim statement profit or loss.

Fair value measurements of financial instruments

When the fair value of financial assets and liabilities in the interim statement of financial position cannot be measured on the basis of quoted prices in active markets, the fair value is determined using valuation methods including the discounted cash flow method. The inputs to these methods are taken from active markets where possible, However, if this is not possible, a degree of judgment is required to determine the fair value, assumptions relating to these factors on the fair value of financial instruments.

4 -Significant accounting policies

Below are significant accounting policies adopted:

Cash at banks

Cash at bank comprise bank balances, term deposits and highly-liquid investments with original maturity of three-months or less from the acquisition date.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are recognized at market value in the interim financial statements. Unrealized gains and losses from revaluation of investments, and realized gains and losses arising from disposal of investments are recognized in the interim statement of profit or loss.

Investment transactions

Investment transactions are recorded on the trading date.

Net assets value

Net assets value per unit, as disclosed in statement of net assets is calculated by dividing the net assets of the Fund by the numbers of units in issue as at the period end.

Impairment of financial assets

At each reporting date, the Fund makes a provision for expected credit losses on the financial asset that is measured at amortized cost at an amount equivalent to life time expected credit losses if credit risks related to that financial instrument have increased substantially since the initial recognition. At the time of assessment, the Fund uses the change in the risks of default that occurs over the expected life of the financial instrument instead of the change in the value of the expected credit losses. To this assessment, the Fund compares default risk related to the financial instrument at the reporting date with the default risk related to the financial instrument at the initial recognition date, using reasonable available information without undue cost or effort and taking into account any significant increase in credit risk since initial recognition.

The Fund assumes that the credit risk related to a financial instrument has not increased substantially since the initial recognition, in the event that it is determined that it is exposed to a low credit risk at the interim financial statement reporting date.

If credit risk related to a financial instrument did not increase significantly at the reporting date since the initial recognition, the Fund assess a provision for loss of that financial instrument in an amount equal to the expected credit loss over a 12-month period

Notes To the Interim Financial Statements (Unaudited) (continued)
For The Six - Month Period Ended June 30, 2021

4- Significant accounting policies (continued)

Impairment of -non- financial assets

On the date of preparing the interim financial statements, the Fund performs an evaluation to ensure that there is evidence of a decline in the value of an asset, and if such evidence exists, or when it is necessary to conduct an annual test to confirm the existence of a decline in value, the Fund estimates the recoverable value of the asset, which represents the higher of the fair value of the asset or cash-generating unit less costs to sell and the present value. The recoverable amount of an asset is determined unless the asset generates cash flows that are largely independent of other assets or groups of assets, if the carrying amount of the asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and reduced to its recoverable amount.

In assessing the present value, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, in determining fair value less costs to sell, recent market transactions are taken into account, when these parameters cannot be determined, the appropriate valuation method is used.

The fund calculates impairment on the basis of detailed budgets and forecasts, which are prepared separately for each of the cash-generating units of the fund to which the individual assets are allocated. These budgets and forecasts usually cover a period of five years. The long-term growth rate is calculated and applied to the expected future cash flows after the fifth year

Revenue generation

- Dividend

Dividends are recognized when the fund's eligibility to receive them is declared.

- Gains/(losses) of financial assets at fair value through profit or loss

Unrealized gains and losses resulting from changes in fair value, and realized gains and losses resulting from the sale of financial assets designated at fair value and dividends, are recognized in the interim statement profit or loss. Realized gains and losses on financial assets identified at fair value sold are determined at weighted average cost.

Zakat and Income tax

Zakat and income tax are obligation of the Unitholders and is not provided for in these accompanying interim financial statements

Expenses

Expenses are recognized on the accrual basis. Fund management fees are charged at a rate agreed upon with the fund manager. These expenses are calculated on a daily basis and these expenses are charged to the interim statement of profit or loss.

Foreign currencies

Transactions in foreign currency are converted into Saudi riyals at the exchange rates prevailing at the time of the transaction. Monetary assets and liabilities in foreign currencies as at the date of the interim balance sheet are converted into Saudi riyals at the rates prevailing at the end of the year. Gains and losses arising from repayments or foreign currency exchange are included in the interim statement of profit or loss.

Notes To the Interim Financial Statements (Unaudited) (continued)
For The Six - Month Period Ended June 30, 2021
(Saudi riyals)

5 -Financial investments at fair value through profit or loss

The following is a summary of the components of Investments portfolio at fair value through profit or loss at the date of the interim statement of financial position:

	As at June 30, 2021 (unaudited)				As at December 31, 2020 (audited)
	% Investment of the total market value	Cost	Market value	Unrealized gains	Market value
First: Equity investments (by sector)					
basic consumer goods	%16	87,201	94,120	6,919	-
real estate	%16	85,994	98,295	12,301	-
Industries	%7	41,397	42,900	1,503	-
luxury consumer goods	%7	39,810	40,067	257	39,810
Finance	%7	39,188	44,400	5,212	-
Basic materials	%7	37,665	42,650	4,985	-
Energy	%5	29,365	29,449	84	29,365
Transportation	%1	3,980	4,489	509	3,980
	%66	364,600	396,370	31,770	73,155
Second: Real estate investment current funds					
AlAhli REIT Fund 1	%14	74,883	105,273	30,390	74,883
Riyad REIT Fund	%8	44,455	52,143	7,688	44,455
Reit Education Fund	%7	40,958	49,226	8,268	40,958
Al Rajhi REIT Fund	%5	27,160	33,264	6,104	27,160
	%34	187,456	239,906	52,450	187,456
Total investments	%100	552,056	636,276	84,220	260,611

6 -Related party transactions

The following is a list of the significant transactions with related parties during the period, and the resulting balances:

Related party	Nature of transaction	Amount of transaction for the period ended June 30, 2020 (unaudited)	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Tharwat for financial Securities Company	Management fees	8,597	4,336	4,395
			4,336	4,395

The Fund pays a management fees at an annual rate of 0.95% of the fund 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.

Trading transactions in the Saudi Stock Exchange Tadawul is done through the Fund Manager.

As of June 30, 2021, unitholders account includes 205,370 units (December 31, 2020: 205,370 unit) owned by the Fund Manager.

Notes To the Interim Financial Statements (Unaudited) (continued)
For The Six - Month Period Ended June 30, 2021
(Saudi riyals)

7 -Financial instruments and risk management

Fair value

Fair value is the amount for which an asset could be sold, or a liability settled, between market participants at the measurement date. Within the definition of fair value there is an assumption that the company is a going concern company where there is no intention or requirement to physically reduce the size of its operations or conduct a transaction on negative terms.

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 the same financial instruments.

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.

<u>As at June 30, 2021</u>	<u>First level</u>	<u>Second level</u>	<u>Third level</u>	<u>Total</u>
investments at fair value through profit or loss	<u>636,276</u>	<u>-</u>	<u>-</u>	<u>636,276</u>
<u>As at December 31, 2020</u>	<u>First level</u>	<u>Second level</u>	<u>Third level</u>	<u>Total</u>
investments at fair value through profit or loss	<u>260,611</u>	<u>-</u>	<u>-</u>	<u>260,611</u>

8 -Last valuation date

The last valuation day was June 30, 2021 (December 31, 2020) .

9 -Approval of the interim financial statements

The interim financial statements have been approved for issue by the Fund's board of directors on Dhul-Hijjah 18, 1442 H (corresponding to July 28, 2021)