

**TIHAMA FOR ADVERTISING, PUBLIC
RELATIONS AND MARKETING COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE THREE-MONTH
PERIOD ENDED JUNE 30, 2021 (UNAUDITED)
TOGETHER WITH INDEPENDENT AUDITOR'S
LIMITED REVIEW REPORT**

Tihama for Advertising, Public Relations and Marketing Company
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Financial Statements
For the three-month period ended June 30, 2021 (unaudited)
Together with Independent Auditor's Limited Review Report

INDEX	PAGE
Independent Auditor's Review Report on the limited review of the Interim condensed consolidated financial statement	1
Interim Condensed Consolidated Statement Financial Position	2
Interim Condensed Consolidated Statement of Profit or Loss	3
Interim Condensed Consolidated Statement of Comprehensive Loss	4
Interim Condensed Consolidated Statement of Owners' Equity	5
Interim Condensed Consolidated Statement of Cash Flows	6
Notes to The Interim Condensed Consolidated Financial Statements	7 – 28

**INDEPENDENT AUDITOR'S REPORT ON REVIEW
OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

To the Shareholders of Tihama For Advertising, Public Relations and Marketing Company
(A Saudi Joint Stock Company)

Introduction:

We have reviewed the accompanying condensed consolidated interim of financial position of Tihama Advertising, Public Relations and Marketing Company (a Saudi Joint Stock Company) "the company" as of June 30, 2021, and its subsidiaries collectively referred to as "the group", and the related condensed consolidated interim statements of profit or loss and comprehensive loss and changes in shareholders' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes.

The company's management is responsible for preparing and presenting these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 (interim Financial Reporting) endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review:

We conducted our review in accordance with the International Standard on Review Engagements No. (2410) Review of interim Financial Information performed by the independent auditor of the entity, endorsed in the Kingdom of Saudi Arabia. A review of the condensed consolidated interim financial statements consists of making inquiries, primarily, to those 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 the International Standards of Auditing endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would be become aware of all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion.

Basis for Qualified conclusion:

As indicated in note (5/1), investments in associates are included in the attached condensed consolidated interim financial statements, which indicates that the group's investment in the United Advertising Company Limited and J. Walter Thomson MENA, which are associate companies acquired in the years The previous one, and it is accounted for using the equity method, amounted to 4,296,414 SR and 28,717,779 SR, respectively, in the condensed consolidated interim balance sheet as on June 30, 2021, and the group's share of the net income of the above companies was included based on financial statements prepared by the management. 591,134 SR and 851,484 SR, respectively, in the condensed consolidated interim statement of profit and loss for the period then ended. We were unable to obtain sufficient audit evidence directly or through alternative audit procedures regarding the investment balances of the group in the above tow companies as at June 30, 2021, as well as the group's share in the net comprehensive income of the above companies for the same period, and accordingly we were not able to determine whether it was necessary to make any adjustments to these amounts.


Material uncertainty relating to going concern

We draw attention to note (2/4) to the condensed consolidated interim financial statements, which indicates that the group's accumulated losses amounted to approximately Saudi Riyals 127.5 million as at June 30, 2021, which exceeded half of the Company's share capital. Further, the Group's current liabilities exceeded its current assets by approximately Saudi Riyals 15.3 million as at the same date. These circumstances indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion on this matter has not been modified.

Qualified Conclusion:

Based on our review, except of the potential impacts referred to in the (Basis for Qualified Conclusion) section above, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements on June 30, 2021 is not prepared in all material respects, in accordance with the International Accounting Standard No. 34 (Interim Financial Report) endorsed in the Kingdom of Saudi Arabia.

Al-Kharashi & Co.



Suleiman A. Al-Kharashi
C.A. License No. 91

Riyadh:
Moharram 11, 1443 H
August 19, 2021, G

Tihama For Advertising, Public Relations and Marketing Company
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Statement of Financial Position
As at June 30, 2021 (unaudited)
(All amounts are in Saudi Riyal unless otherwise stated)

	Note	30 June 2021 (unaudited)	31 March 2021 (audited)
Assets			
Non-Current Assets			
Property and equipment, net		20,078,674	20,869,522
Right-of-use assets, net	4/1	46,433,283	32,315,929
Investment in associates using equity method	5/1	33,014,193	31,655,936
Financial assets designated at fair value through other comprehensive income	5/2	428,363	428,363
Intangible assets, net		7,367,691	7,319,226
Investment properties at cost, net		2,966,710	2,966,710
Total Non-Current Assets		110,288,914	95,555,686
Current Assets			
Inventories, net		58,976,201	45,792,410
Trade receivables and other debit balances, net	6	30,425,307	35,648,469
Cash and cash equivalents	7	53,598,694	60,843,354
Total Current Assets		143,000,202	142,284,233
Total Assets		253,289,116	237,839,919
Owners' Equity and Liabilities			
Owners' Equity			
Share capital	8	175,000,000	175,000,000
Accumulated losses		(127,493,402)	(115,964,493)
Employees defined benefit liabilities re-measurement reserve		(1,292,328)	(1,292,328)
Foreign Currency Translation reserve		(3,126,393)	(3,042,032)
Change in fair value reserve		(1,512,244)	(1,512,244)
Total Owners' Equity attribute to Shareholder in Parent Company		41,575,633	53,188,903
Non-controlling interest		336,572	312,893
Total Owners' Equity		41,912,205	53,501,796
Non-Current Liabilities			
Long-term lease liabilities	4/2	29,028,221	8,306,825
Long-term loans	9	17,145,222	17,142,639
Employees' defined benefits liabilities		6,895,057	6,478,079
Total Non-Current Liabilities		53,068,500	31,927,543
Current Liabilities			
Trade payables and other credit balances		100,707,986	91,354,049
Due to related parties	10/2	1,055,543	1,070,015
Current portion of long-term lease liabilities	4/2	22,426,211	26,524,231
Current portion of long-term loans	9	3,155,980	3,202,584
Zakat payable	12	30,962,691	30,259,701
Total Current Liabilities		158,308,411	152,410,580
Total Liabilities		211,376,911	184,338,123
Total Owners' Equity and Liabilities		253,289,116	237,839,919

The accompanying notes from (1) to (19) for an integral part of these interim condensed consolidated financial statements.

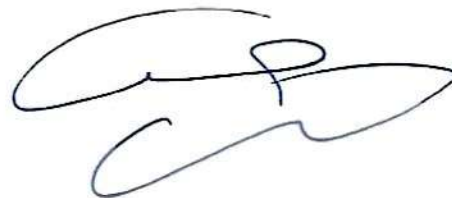
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Tihama for Advertising, Public Relations and Marketing Company
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Statement of Profit or Loss
For the three-month period ended 30 June 2021 (unaudited)
(All amounts are in Saudi Riyal unless otherwise stated)

	Note	Three months ended 30 June 2021 (unaudited)	Three months ended 30 June 2020 (unaudited) (Restated)
Revenue			
Sales of goods		6,373,657	13,432,528
Revenues from film production and promotional materials		8,503,821	6,314,587
Revenues from advertisement		1,457,255	1,805,287
Total Revenue		<u>16,334,733</u>	<u>21,552,402</u>
Cost of revenue		<u>(12,573,487)</u>	<u>(16,643,214)</u>
GROSS PROFIT		3,761,246	4,909,188
Operating Expenses			
Selling and marketing expenses		(8,843,721)	(6,947,906)
General and administrative expenses		<u>(7,731,760)</u>	<u>(3,419,189)</u>
Loss from Operations		(12,814,235)	(5,457,907)
Non-Operating Revenues / (expenses)			
Financial charges		(848,422)	(1,281,156)
Share of results from associates		1,442,618	1,096,376
Placement expenses for capital increase		-	(76,429)
Other income, net	11	<u>1,519,144</u>	<u>1,451,258</u>
Loss for the period before zakat		(10,700,895)	(4,267,858)
zakat	12	<u>(804,335)</u>	<u>(342,000)</u>
Net loss for the period		<u>(11,505,230)</u>	<u>(4,609,858)</u>
Net loss for the period attribute to:			
Shareholders in parent company		(11,528,909)	(3,095,770)
Non-Controlling interest		<u>23,679</u>	<u>(1,514,088)</u>
Basic and diluted loss per share for the period	15	<u>(0.66)</u>	<u>(0.25)</u>

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The accompanying notes from (1) to (19) for an integral part of these interim condensed consolidated financial statements.

Tihama for Advertising, Public Relations and Marketing Company
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Statement of Comprehensive Loss
For the three-month period ended 30 June 2021 (unaudited)
(All amounts are in Saudi Riyal unless otherwise stated)

	Three months ended 30 June 2021 (unaudited)	Three months ended 30 June 2020 (unaudited) (Restated)
Net Loss for the period	(11,505,230)	(4,609,858)
Items that not be subsequently reclassified to Profit or Loss		
Re-measurement for employees' defined benefits	-	-
Items that may be subsequently reclassified to Profit or Loss		
Share from foreign currency translation reserve in an associate	(84,361)	-
Loss of Change in fair value of financial assets designated at fair value through other comprehensive income	-	-
Total comprehensive loss for the period	(11,589,591)	(4,609,858)
Total comprehensive loss for the period attribute to:		
Shareholders in parent company	(11,613,270)	(3,095,770)
Non-controlling interest	23,679	(1,514,088)
Total comprehensive loss for the period	(11,589,591)	(4,609,858)

The accompanying notes from (1) to (19) for an integral part of these interim condensed consolidated financial statements.

Tihama for Advertising, Public Relations and Marketing Company
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Statement of Owner's Equity
For the three-month period ended 30 June 2021 (unaudited)
(All amounts are in Saudi Riyal unless otherwise stated)

	Share Capital	Accumulated losses	Employees defined benefit liabilities re-measurement reserve	Foreign Currency translation reserve	Change in fair value reserve	Total Owners' Equity Attribute to Shareholder in parent Company	Non-Controlling interest	Total owners' equity
Balance at 01 April 2020	75,000,000	(39,180,857)	(185,705)	-	-	35,633,438	(5,068,708)	30,564,730
Net loss for the period	-	(3,095,770)	-	-	-	(3,095,770)	(1,514,088)	(4,609,858)
Total comprehensive loss for the period	-	(3,095,770)	-	-	-	(3,095,770)	(1,514,088)	(4,609,858)
Balance at 30 June 2020 (Restated)	75,000,000	(42,276,627)	(185,705)	-	-	32,537,668	(6,582,796)	25,954,872
Balance at 1 April 2021	175,000,000	(115,964,493)	(1,292,328)	(3,042,032)	(1,512,244)	53,188,903	312,893	53,501,796
Net loss for the period	-	(11,528,909)	-	-	-	(11,528,909)	23,679	(11,505,230)
Share of foreign currency translation reserve	-	-	-	(84,361)	-	(84,361)	-	(84,361)
Total comprehensive loss for the period	-	(11,528,909)	-	(84,361)	-	(11,613,270)	23,679	(11,589,591)
Balance at 30 June 2021	175,000,000	(127,493,402)	(1,292,328)	(3,126,393)	(1,512,244)	41,575,633	336,572	41,912,205

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The accompanying notes from (1) to (19) for an integral part of these interim condensed consolidated financial statements.

Tihama for Advertising, Public Relations and Marketing Company
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Statement of Cash Flows
For the three-month period ended 30 June 2021 (unaudited)
(All amounts are in Saudi Riyal unless otherwise stated)

	30 June 2021 (unaudited)	30 June 2020 (unaudited) (Restated)
CASH FLOW FROM OPERATING ACTIVITIES		
loss for the period before zakat	(10,700,895)	(4,267,858)
Adjustment for non-cash item:		
Depreciation of property and equipment	1,502,389	1,369,242
Gain on sale of property and equipment	(25,150)	-
Depreciation of right of use assets	3,668,618	4,349,663
Amortization of intangible assets	26,542	26,470
Depreciation of investment properties	-	39,675
Share of results from associates	(1,442,618)	(1,096,376)
Provision for expected credit losses	1,137,620	400,161
Provision for employees' defined benefits liabilities	617,997	310,217
Finance cost	848,422	1,281,156
	<u>(4,367,075)</u>	<u>2,412,350</u>
Changes in working capital:		
Inventories	(13,183,791)	(4,264,252)
Trade receivables and other debit balances	4,082,954	(10,952,950)
Trade payables and other credit balances	9,353,937	12,947,401
Due to related parties	(14,472)	-
Zakat paid	(101,344)	-
Employees' defined benefits liabilities paid	(201,019)	(112,492)
Net cash flows (used in) / generated from operating activities	<u>(4,430,810)</u>	<u>30,057</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property and equipment	(704,097)	(72,912)
Net proceeds from sale of property and equipment	20,294	-
Additions to intangible assets	(75,008)	-
Dividends received from associates	-	748,032
Net cash flows (used in) / generated from investing activities	<u>(758,811)</u>	<u>675,120</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term loans, net	(44,021)	200,254
Repayment of lease liabilities	(1,731,733)	(1,553,364)
Finance cost	(279,285)	(586,512)
Net cash flows used in financing activities	<u>(2,055,039)</u>	<u>(1,939,622)</u>
Net change in cash and cash equivalents	(7,244,660)	(1,234,445)
Cash and cash equivalents, beginning of the period	60,843,354	11,864,281
CASH AND CASH EQUIVALENTS, END OF PERIOD (Note 7)	<u>53,598,694</u>	<u>10,629,836</u>

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The accompanying notes from (1) to (19) for an integral part of these interim condensed consolidated financial statements.

1. ORGANISATION AND ACTIVITIES

Tihama for Advertising, Public Relations and Marketing Company was established as the "company or" parent company "in accordance with the Saudi Companies Law as a Saudi joint stock company under Ministerial Resolution No. 1397 dated 29/6/1403H (corresponding to 3/6/1992) and it is registered in the Commercial Register under No. 1010016722 on 8/7/1398H (corresponding to 14/06/1978).

- The main activity of the company is to carry out commercial advertising, public relations, marketing, publishing and distribution, according to the license No. 23232 issued by the Ministry of Culture and Advertisement dated 2/12/1412H (corresponding to 3/6/1992) and according to the company's incorporation system. The parent company also invests in companies It carries out similar businesses in accordance with Company By-Law.
- The Company's head office is in Riyadh, the company has a branch in Jeddah registered under the Commercial Registration No. 4030008889 on 3/4/1395H (corresponding to 15/4/1975).
- The accompanying interim condensed consolidated financial statements include the financial statements of the parent company and its subsidiaries (collectively referred to as the group) as of June 30, 2021. Refer to note 3/1/4 for a statement of the subsidiaries and the group's contribution in its capital.

2. BASIS OF PREPARATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

2/1- Statement of compliance:

- These interim condensed consolidated financial statements were prepared in accordance with IAS 34 "Interim Financial Reports" endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants ("SOCPA") and these preliminary condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year as of March 31, 2021, the preliminary condensed consolidated financial statements do not include all the information required to prepare a full set of consolidated financial statements prepared in accordance with international standards for financial reading, but it has been included accounting policies and details specific explanations for the interpretation of events and transactions to explain the changes in the consolidated financial position and financial performance of the company since the financial statements of the previous year.
- The Capital Market Authority issued the decision of the Board of Commissioners on 15 Muharram 1438H (16 October 2016) to require listed companies to apply the cost model when measuring the assets of property and equipment, investment properties and intangible assets when adopting the IFRS for a period of 3 years beginning from the date of adoption of the International Financial Reporting Standards, as of December 31, 2019. The fiscal periods for the year beginning on January 1, 2022, were extended, and continue to comply with the requirements for disclosure of IFRS adopted in the Kingdom of Saudi Arabia, which require disclosure of fair value.

2/2- Basis of measurement:

The interim condensed financial statements have been prepared on the historical cost basis except for (financial instruments which is measured at fair value) and using the accrual accounting principle and the going concern concept.

2/3- Functional and presentation currency:

The interim condensed consolidated financial statements are presented in Saudi Riyal, which is the Group's functional currency.

2/4- Going concern:

- The accumulated losses of the group amounted to approximately 127.5 million SAR, as at June 30, 2021, exceeded more than 50% of the (company's share capital, and according to Article 150 of the Companies Law, if a joint stock company incurs losses amounting to half of the paid-in capital at any time during the fiscal year, any of the company executives or the auditor shall promptly, upon knowledge thereof, inform the chairman of the board, who shall promptly inform board members. The board of directors shall, within 15 days from the date of notification, call for an extraordinary general assembly meeting within 45 days from the date of its knowledge of the losses, to decide whether to increase or decrease the company's capital, in accordance with the provisions of the Law, to the extent where losses are decreased below half of the paid-in capital, or to dissolve the company prior to the date set forth in its By-laws of the company.

2. BASIS OF PREPARATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

2/4- Going concern (continued):

The Company shall be deemed terminated by the operation of law if the extraordinary general assembly fails to meet during the period set forth in paragraph 1 of this Article; if the assembly convenes but fails to issue a decision on the matter; or if it decides to increase the capital in accordance with this Article but the shares issued are not fully subscribed to within 180 days from the assembly's decision to increase the capital.

According to Royal Order No 15016 on 16/03/1442 H, regarding the holding of perusing some clauses of the Companies' Law issued by Royal Decree No. (M/3) on 28/01/1437 H, the paragraph No2 of article No 150 of Companies' Law dictates that in case on non-conveying the extraordinary assemble within 180 days from the date of it came to the knowledge of board of directors regarding the accumulated losses (which will expire 21/09/2021), or in case the general assemble not resolved the subject matter, the company will be lapsed by the force of the law.

- Further the group's current liabilities exceeded its current assets by approximately 15.3 million SR as at June 30, 2021, these circumstances indicate the existence of a fundamental uncertainty that may cast serious doubts about the group's ability to continue as a going concern.

- The spread of the new Corona virus (Covid 19) has significantly affected the group's business, as the regulatory authorities took precautionary measures by closing the group's retail showrooms and by the banning of travel, in addition to that, the underlying economic conditions led to a significant slowdown in the group's advertising sector business. The company has also reviewed the existence of any adjustments and changes in judgments, estimates and risk management to be taken, and assessed the main future estimates and other factors that may involve material risks, and accordingly, provisions for impairment in the value of financial and non-financial assets have been recorded in the consolidated financial statements for the year ended 31 March 2021. The group incurred successive losses in previous years in the bookstores and advertising sectors, after the volume of business and sales decreased significantly due to the closing of a number of branches, the increase in rents and the loss of some of the tenders for the advertising sector.

- Despite the above, the group's management is working on restructuring some of its subsidiaries and expanding the Production and Retail sector operations to grow revenues to cover its expenses and achieve operational profits during the following years.

Also, the management has reasonable expectations that it has sufficient resources to face the risk of liquidity shortage in the foreseeable future.

- On July 13, 2021, the board of directors of the parent company issued a recommendation to the extraordinary general assembly to reduce the capital by an amount of SAR 75 million by cancelling shares, and then increase it by SAR 50 million by issuing rights shares. This recommendation is subject to the approval of the relevant regulatory authorities and Extraordinary General Assembly of Shareholders.

2/5- Use of estimates and judgments

The preparing the consolidated financial statements requires management to use judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenditures recorded. Such estimates and judgments are evaluated on an ongoing basis based on past experience and some other factors, including expectations of future events that are believed to be reasonable according to the circumstances and data, and as a result, they form the basis for making judgments about the carrying amounts of assets and liabilities that are not visible from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are examined on the basis of the going concern concept. A review of accounting estimates is included in the period in which the estimates are examined, if the examination affects only that period or in the review period and future periods if the examination affects both current and future periods.

However, as described in note 16, the Group reviewed important sources of uncertainty against the backdrop of the Covid 19 epidemic. Impairment in the value of financial and non-financial assets has been recorded based on that study. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

2. BASIS OF PREPARATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

2/5- Use of estimates and judgments (continued):

The preparation of the interim condensed consolidated financial statements in accordance with IFRS (International Financial Reporting Standards) requires management to use judgements, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenditures recorded. Actual results may differ from these estimates.

The important estimates made by management when applying the Group's accounting policies and important sources of uncertainty were similar to those outlined in the annual consolidated financial statements as of March 31, 2021.

However, as described in note 16, the Group reviewed important sources of uncertainty described in the annual financial statements on March 31, 2021 against the backdrop of the Covid 19 epidemic. Management believes that, unlike projected credit losses arising from financial assets, all other sources of uncertainty remain similar to those described in the recent annual financial statements. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these preliminary condensed consolidated financial statements are in accordance with the international standards of the financial report adopted in Saudi Arabia and other standards and other issues issued by the Saudi Organization of Chartered Accountants and are the same policies applied in the Group's annual financial statements for the year ended March 31, 2021.

The main accounting policies applied in the preparation of these preliminary condensed financial statements have been consistently applied to all the periods presented.

New standards and amendments to standards and interpretations

No new standards have been issued, however, a number of amendments to the standards are in effect as of January 1, 2020 and are explained in the Group's annual consolidated financial statements but have no substantial impact on the Group's consolidated financial statements.

The Group has implemented the amendments to IFRS 16 "Leases" in response to the effects of Covid-19 on tenants, which were adopted on June 1, 2020.

Amendment of the International Financial Reporting Standard 16 "Leases" in response to the effects of Covid-19 on tenants.

As of June 1, 2020, the (International Financial Reporting Standard) IFRS 16 has been amended to provide a practical means for tenants who calculate rental concessions that arise as a direct result of the Covid-19 epidemic and only if all the following conditions are met:

- A. The change in lease payments results in a modified lease consideration substantially the same as, or less than, the lease consideration immediately prior to the change;
- B. Any reduction in rental payments will affect only payments due, starting on or before June 30, 2021, and
- C. There should be no fundamental change in the terms and conditions of the lease

Rental concessions that meet these measures may be calculated in accordance with practical conditions, which means that the tenant does not need to assess whether the lease concession meets the definition of rent adjustment. Tenants apply other requirements in IFRS 16 in the concession calculate.

The company chose to take advantage of the amendment of the IFRS 16 "Leases"

In response to the effects of Covid-19 on tenants, for all rental privileges that meet the requirements. The modifications were applied retroactively, this means that they were applied to all rental concessions that meet the requirements, which in the company's case were from March 2020 to June 2021.

Accounting for lease concessions as rental adjustments would have resulted in the Group re-measuring the lease liability to reflect the revised offset using a revised discount rate, with the effect of the change in the registered lease liability against the right use of assets. By applying the adjustments, the Group does not have to determine the revised discount rate and the effect of the change in the lease liability is reflected in the profit or loss in the period in which the event or situation leading to the rental concession occurs.

3-1 CONSOLIDATION BASIS

The interim condensed consolidated financial statements include the financial statements of the parent company, Tihama for Advertising, Public Relations and Marketing Holding Company and its subsidiaries (collectively referred to as the Group) as of June 30, 2021. Control over the invested business is achieved when it has the right to obtain different returns as a result of its participation in the investee company, and it has the ability to influence these returns by exercising its influence over the investee company. In particular, the group controls the investee if, and only if, the group has:

Leverage over the investee company

For example: it has the right that gives it the current power to control the activities of the investee company.

- Exposure to risks and the right to obtain variable returns as a result of its participation in the investee company.

- The ability to use its influence over the investee company to affect its returns.

- In general, there is an assumption that the majority of voting rights will lead to control. To support this assumption and when the group has a lower level than the majority of voting rights or similar rights in the investee company, the group takes into account all relevant facts and circumstances when assessing whether the group has control over the investee company, and these facts and circumstances include the following:

- Contractual agreements with voting rights holders of the investee company.

- Rights resulting from other contractual agreements.

- The group's right to vote and potential voting rights.

- Any additional facts or circumstances that indicate that the group has or does not have the current ability to control activities related to decision-making, including voting on cases in previous shareholder meetings.

The Group performs a reassessment to ascertain whether or not it exercises control over the investee company, when facts and circumstances indicate that there is a change in one or more elements of control. Consolidation of a subsidiary begins when the group has control of the subsidiary and ceases when the group relinquishes exercising such control.

The assets, liabilities, income and expenses of the subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date control is transferred to the group and until the group relinquishes exercising such control.

Income and each component of comprehensive income relate to the equity holders of the parent company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When it is necessary, the financial statements of subsidiaries are amended so that their accounting policies are prepared in line with the group's accounting policies.

All intercompany balances in the group such as assets, liabilities, equity, income, expenses and cash flows resulting from operations between the group companies are completely eliminated upon consolidation of the financial statements.

Any change in ownership interests in the subsidiary, without loss of control, is treated as an equity transaction. In the event that the group loses control over the subsidiary, it will cease to recognize the related assets and liabilities, non-controlling equity and other elements of equity, and the resulting gains or losses are recognized in the consolidated statement of profit or loss. The investment retained is recognized at fair value.

In the event that the group loses control over the subsidiaries:

- The assets (including goodwill) and liabilities associated with the subsidiary are excluded.
- Exclusion of the present value of any rights not controlled.
- Exclusion of cumulative inventory differences recorded in equity.
- Recognition of the fair value of the assets received.
- Recognition of the fair value of any remaining investments.
- Recognition of any surplus or deficit in profits or losses.

Reclassification of the parent company's share in subsidiaries previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as it becomes a requirement if the group directly disposes of assets and liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3-1 CONSOLIDATION BASIS (continued)

3/1/1- ASSOCIATES

Associates are companies over which the group exercises significant influence and not joint control or control. In general, this occurs when the group owns a share of 20% to 50% of the voting rights. The investment in associates is accounted for according to the equity method after initial recognition of cost of investment.

3/1/2- EQUITY METHOD

Based on the equity method, investments are recognized primarily at cost and subsequently adjusted to reflect the group's share of profits or losses after the acquisition as profits and losses resulting from the investment in the investee company. The group's contribution to comprehensive income after the acquisition is also recognized in the statement of comprehensive income. If after reducing the contribution to the investee company to zero, liabilities are recognized only if there is an obligation to support the investee's operating operations or any payments made on behalf of the investee company. Distributions received or receivables from associates and joint ventures are booked to reduce the net value of the investments.

The goodwill related to an associate or joint venture is included in the carrying amount of the investment and is not independently tested for impairment.

The interim condensed consolidated statement of profit or loss reflects the group's share of the results of operations of the associate or joint venture. Any change in the comprehensive income of the investee companies is shown as part of the group's comprehensive income. In addition, in the event that any change is recognized directly within the equity of the associate or the joint venture, the group shall recognize its share in any changes, when applicable, in the consolidated statement of changes in owners' equity unrealized profits and losses resulting from the transactions between the group and the associate and joint venture to the extent of the Group's interest in the associate or joint venture. The financial statements of subsidiaries and joint ventures are prepared for the same financial year as the group.

When necessary, the accounting policies of subsidiaries and joint ventures are presented to be consistent with the group's policies. After applying the equity method, the group checks whether it is necessary to prove any impairment loss in the value of its investment in its associate or joint venture. On the date of preparing each financial statement, the group ensures that there is objective evidence of a decrease in the value of the investment in any associate or joint venture. When such evidence exists, the group calculates the amount of the decrease as the difference between the recoverable amount of the associate or joint venture and its carrying value, and the loss is recognized as "share in the loss of an associate and a joint venture" in the statement of consolidated profit or loss.

Upon loss of significant influence over the associate or joint control of a joint venture, the group measures and recognizes the investment to be held at fair value. The difference between the carrying value of the associate or joint venture upon loss of significant influence or joint control and the fair value of the investment retained (and any proceeds of disposal) will be recognized in the statement of consolidated profit or loss.

3/1/3- Non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets not held by the group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position and separately from shareholders' equity. Losses applicable to the minority in excess of the minority interest are allocated against the interest of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. A change in the Group's interest in a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Tihama for Advertising, Public Relations and Marketing Company
(A Saudi Joint Stock Company)
Notes to The Interim Condensed Consolidated Financial Statements
For the period ended 30 June 2021
(All amounts are in Saudi Riyal unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3-1 CONSOLIDATION BASIS (continued)

3/1/4- Subsidiaries and the Group's contribution in its capital

Name of subsidiary company	Country	Activity	Capital	Company share% Direct and indirect	
				30 June 2021	31 March 2021
Tihama Holding for commercial investment Company (B)	KSA	Holding company	500,000	100%	100%
Tihama distribution Company (A)	KSA	Publishing and distribution	3,500,000	100%	100%
Tihama Modern Bookstores Company (B)	KSA	Stationery and books	81,671,977	100%	100%
Esidama International Real estate Company (B)	KSA	Investment in properties	500,000	100%	100%
Tihama International for Advertisement Company (B)	KSA	Advertisement	500,000	100%	100%
Tihama Education company (C)	KSA	Retail	200,000	100%	100%
Fast Advertisement company (D)	KSA	Advertisement	25,000	100%	100%
Integrated Production for Audio-visual Media Production Company (E)	KSA	Production	10,000	70%	70%
Aventus Global Trading Company (F)	UAE	Trading	616,409	100%	100%
Nassaj AlKhayal for Audio-visual Media Production company (H)	KSA	Production	100,000	50%	50%
Tihama New Media Company (I)	KSA	Media and Research	100,000	100%	100%

- A) During the year ending on March 31, 2020, the group increased its share in the Tihama Distribution Company to become the group's ownership in the subsidiary company of 100% through the acquisition of 1%.
- B) During the year ended March 31, 2003, the parent company established the Tihama Holding for Commercial Investment (Ltd), and its commercial records were issued, but it has not commenced any business activities since its establishment. During the year ending March 31, 2011, the parent company established Estidama International Real Estate Company and Tihama International Advertising Company (LTD). Commercial records for these two companies have been issued, but they have not commenced any business activities since their establishment. During the same year, the company established the Tihama Modern Bookstore Company and transferred the assets and liabilities of its Bookstores department to that company as on November 3, 2010.
- C) During the year ended March 31, 2021, the parent company acquired additional shares from Tihama Education Company (a subsidiary company), representing 51% of the company's capital, accordingly the parent company's ownership percentage became 100% of the subsidiary's capital as on March 31, 2021. The net effect of the acquisition of the subsidiary on the non-controlling interests amounting to 3,459,628 SR was recorded in the consolidated statement of profit or loss for the financial year ending on March 31, 2021.
- D) During the year ended March 31, 2019, the parent company established the Fast-Advertising Company - a limited liability company 100% owned and with a capital of 25,000 SR, noting that the company did not commence activities until the date of preparing the interim condensed consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3-1 CONSOLIDATION BASIS (continued)

3/1/4- Subsidiaries and the Group's contribution in its capital

E) During the year ended March 31, 2019, the parent company participated in establishing the Integrated Production Company for Audio-visual Media Production - a limited liability company with a capital of 10,000 SR, initially owned 35%. During the financial year ending on March 31, 2021, the parent company acquired additional shares representing a further 35% of the capital of the Integrated Production Company, with a value of 7,250,000 SR, and the group's share in the net book value of the acquired assets amounted to 18,861 Saudi riyals. The consideration paid and the amount of non-controlling interest recognised, and any interests held, in excess to the identifiable net assets acquired and acquired liabilities of SAR 7,231,139 is included as goodwill within intangible assets. no impairment was necessary in the goodwill as on June 30, 2021.

During the period ending on June 30, 2021, the group, through its subsidiary (the Integrated Production Company), contributed to the incorporation of Qutrob Audio-Visual Media Production Company with a capital of 10,000 Saudi riyals, and the group's contribution in the company's Capital is 35%. As of the date of the financial position the company's capital has not been deposited.

F) During the year ended March 31, 2020, the Group (through Tihama Education Company "a subsidiary company") acquired Aventus Global Trading Company (Ltd), registered in the United Arab Emirates, with a capital of 616,409 Saudi riyals. The group's ownership percentage amounted to 49% as at March 31, 2020. The Group in the subsidiary company is 100% as on June 30, 2021, after acquiring the entire ownership stakes of the parent company of Aventus (Tihama Education Company "a subsidiary").

G) The partners in the International Company for Advertising Services Ltd. - Intermarkets decided on November 16, 2011 to suspend the company's activity for a period of six months, subject to renewal, and not to do any new business during the period in order to avoid additional losses

Tihama's inability to use its legal right to manage this company as a result of the company's cessation of activity since November 16, 2011 combined with the company's inability to obtain any financial data and information that would enable it to consolidate the company and together the expiration of the commercial registry and the necessary licenses for the company to perform its work, which led has the parent company's loss of control over the investee company.

Accordingly, the parent company decided to stop Consolidating the financial statements of the International Advertising Services Company - Intermarkets within the group's consolidated financial statements.

Subsequent to the date of the financial position, the partners in the International Company for Advertising Services Limited – Intermarkets have decided to liquidate the International Company for Advertising Services and the partners have issued resolutions to liquidate the company and are in the process of issuing a decision appointing a liquidator to undertake the legal procedures in this regard.

H) During the year ended March 31, 2020, the parent company contributed to the establishment of Nassaj Al Khayial Company for Audio-visual Media Production - a limited liability company with a capital of 100,000 SR, owned by 50%. Due to the parent company's control over the company's operating and bank accounts, the company's financial statements were consolidated into the group's consolidated financial statements.

I) During the year ended March 31, 2021, the parent company acquired all of the partner's shares in Tihama New Media Company (an associate), accordingly, the ownership of the parent Company became the holder of 100% of the company's capital and it became a subsidiary Company as of March 31, 2021, the net effect of acquiring the additional stake in the subsidiary Company amounting to 139,084 SR was recognized directly in the consolidated statement of profit or loss for the financial year ended March 31, 2021.

Tihama for Advertising, Public Relations and Marketing Company
(A Saudi Joint Stock Company)
Notes to The Interim Condensed Consolidated Financial Statements
For the period ended 30 June 2021
(All amounts are in Saudi Riyal unless otherwise stated)

3/1/5 Consolidated financial statements report date.

The interim condensed consolidated financial statements include the financial statements of the parent company, Tihama Advertising, Public Relations and Marketing and its subsidiaries (together referred to as the "Group"), the financial year of the subsidiary companies starts on the first of January of each calendar year and ends on the 31st of December of the same year, with the exception of Aventus Global Trading Company, where the fiscal year for it begins on the first April of each calendar year and ends on March 31 of the following year. The financial statements of Estidama International Real estate Company, Tihama Holding for Commercial Investment Company, Tihama International For Advertisement Company and Fast Advertising Company were consolidated for the periods ending on March 31, due to the absence of significant events and transactions between April 1 to June 30. Tihama Modern Bookstores Company, Tihama Education Company, Aventus Global Trading Company, Integrated Production Company for Audio-visual Media Production and Nassaj AlKhayial Company for Audio-visual Media Production, Tihama New Media Company were consolidated on the basis of the Interim financial statements for the period ending June30 as a result of the existence of material events and transactions between April 1 to June 30. The financial statements of Tihama Distribution Company have been consolidated on the basis of the interim financial statements for the period ending on June 30, which were consolidated in the comparative financial periods on the basis of the period ending on March 31, with the adjustment of the comparative information for the period ending on June 30, 2020.

4. LEASES

4/1- RIGHT OF USE ASSETS, NET

	30 June 2021 (unaudited)	31 March 2021 (audited)
Balance as at beginning of the year	32,315,929	33,939,895
Additions / (disposals) during the period / year	17,785,972	12,458,363
Depreciation during the period / year	<u>(3,668,618)</u>	<u>(14,082,329)</u>
Balance as at end of the period/ year	<u>46,433,283</u>	<u>32,315,929</u>

4/2- LONG TERM LEASE LIABILITIES

Lease liability movement during the period /year represent as follows:

	30 June 2021 (unaudited)	31 March 2021 (audited)
Balance as at beginning of the year	34,831,056	38,108,762
Additions / (disposals) during the period / year	17,785,972	12,458,363
Finance cost during the period / year	569,137	1,864,216
Repayments of lease liability during the period / year	<u>(1,731,733)</u>	<u>(17,600,285)</u>
Balance as at end of the period / year	<u>51,454,432</u>	<u>34,831,056</u>

The below table shows the group's lease liabilities based on the contractual due date:

	30 June 2021 (unaudited)	31 March 2021 (audited)
Non-current portion of lease liabilities	29,028,221	8,306,825
Current portion of lease liabilities	<u>22,426,211</u>	<u>26,524,231</u>
Total lease liabilities	<u>51,454,432</u>	<u>34,831,056</u>

Tihama for Advertising, Public Relations and Marketing Company
(A Saudi Joint Stock Company)
Notes to The Interim Condensed Consolidated Financial Statements
For the period ended 30 June 2021
(All amounts are in Saudi Riyal unless otherwise stated)

4. LEASES (CONTINUED)

4/3- recognised lease cost in interim condensed statement of consolidated profit or loss and other comprehensive loss

The below table shows the recognised amounts in interim condensed statement of consolidated profit or loss and other comprehensive loss:

	30 June 2021 (unaudited)	30 June 2020 (unaudited)
Depreciation expense for right of use assets	3,668,618	4,349,663
Finance cost for lease liabilities	569,137	694,644
Short term rent expense	612,498	687,278
	4,850,253	5,731,585

4/4- SHORT TERM RENT

4/4/1- Rent expense

	30 June 2021 (unaudited)	30 June 2020 (unaudited)
Short term rent record as expense during the period	612,498	687,278

- Short-term operating lease expenditures represent the rents payable by the Group for renting cars, advertising sites, warehouses, libraries and administrative offices. The period of the agreed lease or exploitation contracts is 12 months or less from the start date and does not contain a purchase option.

5. INVESTMENT IN EQUITY INSTRUMENTS

The group investment in equity instruments represent as follows:

5/1- INVESTMENT IN ASSOCIATES USING EQUITY METHOD

The group have the following investment in associate company:

Name of the subsidiary	Country	Principal activities	Company ownership		Book value	
			30 June 2021	31 March 2021	30 June 2021 (Unaudited)	31 March 2021 (Audited)
United Advertising Company(A)	KSA	Advertising and promotion	50%	50%	4,296,414	3,705,280
Saudi Company for sign supplies (B)	KSA	Supply of advertisement materials	42.5%	42.5%	-	-
United Journalists. Company (C)	UK	Publishing and distribution	50%	50%	-	-
J. Walter Thompson MENA Company (D)	Bahrain	Advertising	30%	30%	28,717,779	27,950,656
Gulf Systems Development Company (E)	KSA	Technical and other services	30%	30%	-	-
Renewable Technology Company (E)	KSA	Technical and other services	30%	30%	-	-
Tihama Global Company - Free Zone (F)	UAE	Advertising & marketing services	40%	40%	-	-
					33,014,193	31,655,936

5. INVESTMENT IN EQUITY INSTRUMENTS (CONTINUED)

5/1- INVESTMENT IN ASSOCIATE COMPANY (CONTINUED)

The financial year for above associate companies begins on January 1 and ends on December 31 of each Gregorian year. The parent company's share of the change in the net assets of J. Walter Thomson MENA Company for the two periods ending on June 30, 2021, and 2020 has been calculated based on the Management accounts prepared by the management of this company as the financial statements of that associate company for the years ended 31 December 2020 and 2019 are still under review. The parent company's share of the change in the net assets of the United Advertising Company Limited for the period ended June 30, 2021, and 2020 has been calculated based on the Management accounts prepared by the management of this company, as the financial statements of that associate for the years ended 31 December 2020 are still under review.

5/1 (A) - United Advertising Company

The legal share of the parent company in the United Advertising Company Ltd. is 100%, however, during the previous years the company sold 50% of its share in this associate, and thus its actual share became 50%. The legal procedures for this change are still in progress as at June 30, 2021. The group does not exercise complete control over the company, but it does have a significant influence on the decision-making of the company.

On 30 June 2021 the Parent Company has agreed with WPP plc to the creation of a new company in KSA to be called ICG Saudi Arabia, WPP will own 70% of the joint venture company and Tihama will own 30%, Post-completion Tihama will hold 30% of ICG.

Tihama's share of the results of the performance of ICG KSA will be reported in its financials as a share of results of associated company. Any financial impact arising from the transaction will be booked on completion, based on the assets and liabilities at that date – any potential impact cannot be reliably estimated at this time. The agreement is subject to completion of the transfer of legal ownerships and all other required regulatory approvals before the 31st of December 2021.

5/1 (B) - Saudi for Selling Advertising Materials

The partners in Saudi for the Sale of Advertising Materials Ltd. decided during the year ended March 31, 2012 to start liquidating it, due to its operational losses for successive years and its inability to continue its activities. The legal procedures for this decision are still in progress as at June 30, 2021. The company's share in the net equity of the partners in this associate as at June 30, 2021 is nil and March 31, 2021 is nil Saudi riyals.

5/1 (C) - United Journalists Company Ltd

The company's investment in United Journalists Company Ltd. was recorded at a value of zero as on June 30, 2021 and March 31, 2021, as the accumulated losses of this associate exceeded its capital, and the company does not intend to provide it with financial support that exceeds its share in its capital, as it is a limited liability company And accordingly it has not recorded The parent company's share of the associate's losses for the two periods ended June 30, 2021 and 2020. The last balance sheet obtained by the company was December 31, 2009.

5/1 (D) - J. Walter Thomson MENA

The parent company's investment in J. Walter Thomson MENA was recorded based on the accounts prepared by the management of the associate, as the Group financial statements of that company as at December 31, 2020 and 2019 are still under audit. on 30 June 2021 the Parent Company agreed with WPP plc to the merger of the J Walter Thompson MENA (an associate to Tihama) business with the Wunderman MENA business to create Wunderman Thompson MENA EC (a Bahraini based holding group), the agreement will bring together the existing Wunderman and JWT operations across the MENA region to create Wunderman Thompson MENA.

5. INVESTMENT IN EQUITY INSTRUMENTS (CONTINUED)

5/1- INVESTMENT IN ASSOCIATE COMPANY (CONTINUED)

5/1 (D) - J. Walter Thomson MENA (continued)

On completion of the transfer of legal ownerships and all other required regulatory approvals Tihama will hold 25% of WT MENA. Tihama's share of the results of the performance of WT MENA will be reported in its financials as a share of results of associated company. Any financial impact arising from the transaction will be booked on completion, based on the assets and liabilities at that date any potential impact cannot be reliably estimated at this time.

The agreement is subject to completion of the transfer of legal ownerships and all other required regulatory approvals before the 31st of December 2021.

5/1 (E) - Gulf Systems Development Company and Renewable Technology Company

The investments in these two associate companies include the value of the parent company's investment in them. As they have not exercised any commercial activities since their establishment and that financial information was available regarding the Renewable Technology Company until the date of preparing these consolidated financial statements. Based on the impairment loss study conducted, the Parent Company recorded a 100% impairment loss on these investments.

5/1(F) Tihama Global Company

During the period ended 30 June 2021, the parent company filed a compensation claim against the company's former manager and the partner in the associate company in the United Arab Emirates. No judgment was issued in the case at the date of approving the interim condensed consolidated financial statements.

5/2- Financial assets designated at fair value through other comprehensive income

Includes investment represents the group's share in an investment through a subsidiary company (Tihama Distribution Company) of 9% in the Unified National Distribution Company (a Saudi limited liability company) and the group's investment through a subsidiary company (Tihama New Media Company, which was acquired during The fiscal year ended March 31, 2021) of 4% of the capital of an emerging advertising company in the United States of America. These investments were classified as specific financial assets at fair value through other comprehensive income. During the fiscal year ended March 31, 2021, the group recorded losses for the change in the fair value of the investment in the Unified National Distribution Company in the consolidated statement of profit or loss and comprehensive loss, amounting to 761,244 Saudi riyals, based on the valuation prepared by a valuation office licensed by the Saudi Authority for Independent Valuers.

During the fiscal year ended March 31, 2021, the Group recorded losses for the change in the fair value of the investment in the company registered in the United States of America through the consolidated statement of profit or loss and comprehensive loss in the amount of 751,000 Saudi riyals based on the assessment prepared by the management of the group.

6. TRADE RECEIVABLES AND OTHER DEBIT BLANCES, NET

	30 June 2021 (unaudited)	31 March 2021 (audited)
Trade receivables	25,782,286	23,677,249
Advance payment to suppliers	1,314,978	1,780,508
Letter of guarantee	8,256,864	9,735,796
Prepaid expenses and other debit balances	7,842,116	12,088,233
	43,196,244	47,281,786
Expected credit loss provision	(12,770,937)	(11,633,317)
	30,425,307	35,648,469

7. CASH AND CASH EQUIVALANTES

	30 June 2021 (unaudited)	31 March 2021 (audited)
Cash at local and international banks	29,687,098	11,531,627
Cash at local Murabaha fund in SR	3,522,564	29,080,040
Deposits in local banks	20,000,000	20,000,000
Cash on hand	389,032	231,687
	53,598,694	60,843,354

- Deposits with local banks represent a deposit of 20 million SR mortgaged to a local bank against banking facilities worth 20 million SR (Note 9).

8. SHARE CAPITAL

- The authorized, issued and fully paid-up capital of the parent company as at June 30, 2021 is 175,000,000 SR divided into 17,500,000 shares, the value of the share is 10 Saudi riyals (March 31, 2021 is 175,000,000 SR divided into 17,500,000 shares, the share is 10 Saudi riyals).
- On March 25, 2019, the Board of Directors issued a recommendation to increase the company's capital by an amount of 100 million Saudi riyals through the issuance of rights shares. On January 16, 2020, the Saudi Capital Market Authority approved the company's request to increase its capital by 100 million Saudi riyals by issuing rights shares. On July 15, 2020, the extraordinary general assembly of shareholders approved an increase in the company's capital by 100 million Saudi riyals through the issuance of rights issue shares.
- The full capital increase of SAR 100 million was covered with 8,677,641 new shares offered out of a total of 10,000,000 shares valued at SAR 86,776,410 and a coverage percentage of the total shares offered. The new 86.78% and the unsubscribed share was covered by the shareholders by offering the remaining 1,322,359 shares to a number of institutional investors where it was fully subscribed and thus became the company's new capital after the increase of SAR 175 million a total of 17.5 million shares have been completed and the regular procedures related to the increase with the relevant authorities have been completed.
- On July 13, 2021, the board of directors of the parent company issued a recommendation to the extraordinary general assembly to reduce the capital by an amount of 75 million riyals by cancelling shares, and then increase it by 50 million riyals by issuing rights shares. This recommendation is subject to the approval of the relevant regulatory authorities and Extraordinary General Assembly of Shareholders.
- Holders of ordinary shares are entitled to receive dividends when they are announced from time to time, and they are entitled to vote for each share in group meetings. The rank of all shares is equal to the group's remaining assets.

Tihama for Advertising, Public Relations and Marketing Company
(A Saudi Joint Stock Company)
Notes to The Interim Condensed Consolidated Financial Statements
For the period ended 30 June 2021
(All amounts are in Saudi Riyal unless otherwise stated)

9. LONG TERM LOANS

	30 June 2021	31 March 2021
	(unaudited)	(audited)
Current portion of long-term loans	3,155,980	3,202,584
Non-current portion of long-term loans	17,145,222	17,142,639
Total loans	20,301,202	20,345,223

- During the year ended March 31, 2021, the parent company obtained credit facilities from a local bank worth SAR 20 million, a comprehensive limit that can be used for several sub-limits for the purpose of restructuring the company's financial obligations and providing non-cash facilities to the company (guarantees and credits).
- During the year ended March 31, 2021, part of the facility mentioned above was used to obtain a medium-term loan for two years' worth 17 million SR on November 22, 2020 and agreeing to pay an early settlement for the existing Islamic Murabaha with White Door Holding Company, where under the agreement a payment of 17,294,000 Saudi riyals of the company's total debt of SAR 17,910,000.
- During the year ended March 31, 2021, part of the facility noted above was used to obtain a short-term one-year loan of SAR 3 million as part of the restructuring of the company's financial obligations.
- This approach by the company's management to restructure the company's financial obligations as part of the company's strategy towards converting part of the short-term commitments into medium-term commitments, which contributes to improving the operations of cash flows in the company as well as reducing the company's financial costs during the coming financial periods due to the lower profit rate costs of the new financing versus existing borrowings.
- The financing costs are paid quarterly, while the financing principal is repaid on the financing maturity date, the above facilities carry financial expenses in accordance with the prevailing rates in Saudi Arabia plus the agreed margin and are guaranteed by the company's authorized bonds and a deposit with the bank of 20 million SR as at June 30, 2021 (20 million SR as on March 31, 2021) note (7)
- A subsidiary has financing from an international bank to purchase cars with a book value as of June 30, 2021, an amount of 301,202 SR (345,223 SR as at March 31, 2021). The financing is paid in monthly instalments for a period of 48 months.
- A subsidiary has a non-cash facility from an international bank to issue performance letters of guarantee amounting to 4,935,053 SR as at June 30, 2021 (4,935,053 SR as at March 31, 2021). The key terms of the facility include mortgage of a real estate investments to the bank and assignment of the right to rental income to investments. Real estate properties for the benefit of the bank with no less than 0.6 million riyals and a pledge of the subsidiary company's inventory as a guarantee for the non-cash facility and a promissory note for the value of the facility.

10. RELATED PARTY TRANSACTION

10/1-Related party transactions

During the period, some transactions were conducted with related parties in accordance with the terms and commercial principles followed with third parties. Pricing policies and terms of these transactions are approved by the Group's management.

The following are details of the main transactions with related parties during the two periods ending June 30

	Nature of relation	Nature of transaction	Net amount of transactions	
			30 June 2021 (unaudited)	30 June 2020 (Restated) (unaudited)
United Advertising – Memac	Associate	Current account	14,472	-

18/2- Due to a related party

	30 June 2021 (unaudited)	31 March 2021 (audited)
United Advertising - Memac	1,055,543	1,070,015

11. OTHER INCOME, NET:

	30 June 2021 (unaudited)	30 June 2020 (Restated) (unaudited)
Rent relief *	479,331	549,720
Settlement of unclaimed credit balances	918,074	-
Rent, Net	-	166,961
Profit from investment in Murabaha fund and deposits	150,697	-
Profit from disposal of property and equipment	25,150	-
Settlement of provision no longer required	-	506,055
Other income, net	(54,108)	228,522
	1,519,144	1,451,258

* It represented a rent relief earned from lease contracts and the group used the exception in accordance with the amendment to the lease contracts standard by recording it in the consolidated statement of profit or loss.

12. ZAKAT PAYABLE

Zakat for the parent company and its subsidiaries was calculated in accordance with the regulations issued by the Zakat, Income and Customs Authority in the Kingdom of Saudi Arabia.

Parent company

- The parent company has submitted its annual zakat returns for the year ended March 31, 2010 until 2021 to the Zakat, Income and Customs Authority and paid the amounts due as per the return.
- During the financial year ended March 31, 2021, the parent company received the amended zakat assessments by the Zakat, Income and Customs Authority for the years ending on March 31, 2015, until March 31, 2019. The total amount of the differences based on the adjusted assessments for the provision recorded in the books amounted to 2,510,965 Saudi riyals. A provision for it was recorded in the consolidated statement of profit or loss for the financial year ended March 31, 2021. The parent company objected to these assessments before the General Secretariat of the Tax Committees after the company's objection was rejected by the Zakat, Income and Customs Authority.

Subsidiaries

- Tihama Modern Bookstores Company has not submitted its zakat returns since its establishment, knowing that the management of the subsidiary company calculated zakat provisions annually, during the period the company received zakat assessments from the Zakat, Income and Customs Authority for the years ending on December 31, 2011, until December 31, 2019. The total value of the differences based on the adjusted assessments for the provision recorded in the books amounted to 3,540,123 Saudi riyals, and a provision against it has been recorded in the consolidated statement of profit or loss for the fiscal year ended March 31, 2021, and the company has also objected to these assessments before the General Secretariat of the Tax Committees after the company's objection was rejected by the Zakat, Income and Customs Authority.
- During the period ended 30 June 2021, Tihama Distribution Company received the amended zakat assessment from the Zakat, Income and Customs Authority for the year ending on December 31, 2015. The total value of the differences based on the revised assessment is 357,242 Saudi riyals, and a provision against it has been recorded in the consolidated statement of profit or loss for the fiscal year ending on March 31, 2021, the company also objected to the assessment before the Zakat, Income and Customs Authority.
- Subsequent to financial position date, Tihama Distribution Company received the amended zakat assessment from the Zakat, Income and Customs Authority for the years ending on December 31, 2016 and 2017. The total value of the differences based on the revised assessment is 564,653 Saudi riyals, and a provision of SAR 333,325 against it has been recorded in the interim condensed consolidated statement of profit or loss for the fiscal period ending on June 30, 2021, the company also objected to the assessment before the Zakat, Income and Customs Authority.

The zakat due as of June 30, 2021, is as follows:

	30 June 2021	31 March 2021
	(unaudited)	(audited)
Balance as end of period / year	30,962,691	30,259,701

Tihama for Advertising, Public Relations and Marketing Company
(A Saudi Joint Stock Company)
Notes to The Interim Condensed Consolidated Financial Statements
For the period ended 30 June 2021
(All amounts are in Saudi Riyal unless otherwise stated)

13. SEGMENT INFORMATION

The group operates in four main sectors, which include advertising and production, distribution, library and retail, public and Parent and investments. The entire group's business operations are concentrated in the Kingdom of Saudi Arabia and the United Arab Emirates. Operating decision makers evaluate the operating results of business units separately for the purpose of making decisions about resource allocation and performance assessment.

The following is the selected financial information for each sector as on June 30 and for the two periods ending on that date, which summarizes the above business sectors:

Segment results

	Advertisem ent and production	Distribution	Bookstores and retail	Head office and investments	Total
30 June 2021					
Revenues	9,961,076	278,243	6,095,414	-	16,334,733
Cost of revenues	(8,947,916)	(140,517)	(3,485,054)	-	(12,573,487)
Gross (loss) profit	1,013,160	137,726	2,610,360	-	3,761,246
Selling and marketing expenses	(1,124,460)	(282,802)	(7,436,459)	-	(8,843,721)
General and administration expenses	(2,790,732)	(1,252,491)	(1,043,868)	(2,644,669)	(7,731,760)
Financial charges	(154,118)	-	(437,064)	(257,240)	(848,422)
Share of results from associates	-	-	-	1,442,618	1,442,618
Other income, net	243,452	33,011	1,119,542	123,139	1,519,144
Zakat	(21,010)	(333,325)	(450,000)	-	(804,335)
Net loss before non-controlling interest	(2,833,708)	(1,697,881)	(5,637,489)	(1,336,152)	(11,505,230)
Non-controlling interest share	(23,679)	-	-	-	(23,679)
Net loss for the year attribute to shareholder in Parent company	(2,857,387)	(1,697,881)	(5,637,489)	(1,336,152)	(11,528,909)
	Advertiseme nt and production	Distribution	Bookstores and retail	Head office and investments	Total
Segment assets and liabilities					
Assets	60,825,440	34,922,413	84,369,277	73,171,986	253,289,116
Liabilities	77,734,144	31,768,831	80,468,284	21,405,652	211,376,911
Other segment information					
Depreciation of property and equipment	926,803	12,094	541,156	22,336	1,502,389
Depreciation of right of use assets	758,729	-	2,791,755	118,134	3,668,618
Amortization of intangible assets	-	-	-	26,542	26,542

Tihama for Advertising, Public Relations and Marketing Company
(A Saudi Joint Stock Company)
Notes to The Interim Condensed Consolidated Financial Statements
For the period ended 30 June 2021
(All amounts are in Saudi Riyal unless otherwise stated)

13. SEGMENT INFORMATION (continued)

Segment results

	Advertisement and production	Distribution	Bookstores and retail	Parent and investments	Total
30 June 2020 (Restated)					
Revenues	8,119,874	12,267,161	1,165,367	-	21,552,402
Cost of revenues	(8,373,342)	(7,436,832)	(833,040)	-	(16,643,214)
Gross profit	(253,468)	4,830,329	332,327	-	4,909,188
Selling and marketing expenses	(2,058,626)	(614,228)	(4,275,052)	-	(6,947,906)
General and administration	(535,163)	(441,228)	(1,166,642)	(1,276,156)	(3,419,189)
Financial charges	(653,079)	(33,011)	(399,489)	(195,577)	(1,281,156)
Share of investment in associate	-	-	-	1,096,376	1,096,376
Placement expenses for capital increase	-	-	-	(76,429)	(76,429)
Other income, net	156,516	512,353	766,403	15,986	1,451,258
Zakat	(50,000)	108,000	(300,000)	(100,000)	(342,000)
Net loss before non-controlling interest	(3,393,820)	4,362,215	(5,042,453)	(535,800)	(4,609,858)
Non-controlling interest share	(223,233)	-	1,737,321	-	1,514,088
Net loss for the year attribute to shareholder in Parent company	(3,617,053)	4,362,215	(3,305,132)	(535,800)	(3,095,770)

	Advertisement and production	Distribution	Bookstores and retail	Head office and investments	Total
Segment assets and liabilities					
Assets	59,348,043	40,061,738	54,348,043	55,365,061	209,122,885
Liability	64,296,210	23,176,117	57,095,960	38,599,725	183,168,012
Other segment transaction					
Depreciation of property and equipment	809,151	9,485	532,219	18,387	1,369,242
Depreciation of right of use assets	2,271,509	-	2,078,154	-	4,349,663
Amortization of intangible assets	-	-	-	26,470	26,470

14. CONTINGENT LIABILITIES AND COMMITMENTS

The contingent liabilities and commitments outstanding for the group as at 30 June 2021, 31 March 2021 comprise the following:

	30 June 2021 (unaudited)	31 March 2021 (audited)
Letters of guarantee *	13,694,573	15,193,505

* Letters of guarantee insurance, as at June 30, 2021, amounting to 8,256,864 SR (31 March 2021, of 9,735,796 SR).

15. LOSS PER SHARE

To comply with IAS 33 endorsed in the kingdom of Saudi Arabia - Earnings per share, the basic loss per share was calculated by dividing the net loss for the period attributable to ordinary shareholders of the Parent company by the weighted average number of ordinary shares outstanding during the period, where the loss per share was calculated for the period ending on June 30, 2021 and the period Ended on June 30, 2020, by dividing the net loss for each period by the weighted average number of shares outstanding during the period. The share loss figure for the same period was adjusted retrospectively from the previous year, as the extraordinary general assembly of shareholders approved on July 15, 2020 to increase the group's share capital by 100 million Saudi riyals By issuing rights shares and accordingly the weighted average number of shares has changed, affecting the weighted average number of ordinary shares outstanding since then.

	For the period ended	
	30 June 2021	30 June 2020
	(unaudited)	(Restated)
	(unaudited)	(unaudited)
Loss attributable to shareholders of the parent company	(11,531,497)	(3,095,770)
Weighted average number of ordinary shares outstanding during the period	17,500,000	12,307,122
Basic and diluted loss per share for the period	(0.66)	(0.25)

There were no potentially diluting shares outstanding at any time during the period, and accordingly diluted losses per share equal the basic loss per share.

16. SIGNIFICANT EVENT

16/1- Covid-19 effect on interim condensed consolidated financial statements for the period ended June 30, 2021:

The spread of the new Coronavirus (Covid-19) has affected the group's business as regulators took precautionary measures by closing the group's retail stores, the suspension of travel in addition to which the economic conditions led to a significant slowdown in the group's advertising business, which had some significant impact on the company's business and led to material decline in revenues, from the retail and advertising sectors during the financial year ended March 31, 2021. The impact was less severe on the revenues of the Production sector.

Since the beginning of the crisis, the management of the group has been constantly following up on developments and taking the necessary measures and procedures to confront this crisis and reduce its effects on the company and its business, including the support provided by the state to companies to confront these effects. The company has also verified the existence of any settlements and changes in judgments, estimates and risk management that must be taken into account and disclosed. From the interim condensed consolidated financial statements, the following are the main assumptions about the sources of future key estimates and others that may involve a material risk of significant impacts to the interim condensed consolidated financial statements.

- Impairment of non-financial assets

The Group verified that there were no indications of a decrease in the value of non-financial assets, any substantial uncertainties with respect to property, equipment, and its right of use of assets, particularly those resulting from any change in lease periods, and concluded that there was no material impact on the Covid-19 epidemic with respect to property and equipment. And with regard to the right of use, the Group has applied modifications to IFRS 16 "Fare Reductions related to the Covid-19 pandemic" to all rental concessions that meet the conditions referred to in note 3, and according to this application the total rental liabilities were reduced by SAR 479,331. The impact of this reduction was recorded in the interim condensed consolidated profit or loss statement for the period ended June 30, 2021 (Refer to note 11)

16. SIGNIFICANT EVENT (CONTINUED)

16/1- Covid-19 effect on interim condensed consolidated financial statements for the period ended June 30, 2021 (continued):

- Expected credit losses and impairment of financial assets

The Group has conducted the study on the credit status of all customers and has made additional discretionary provisions to existing models of expected credit losses by applying probability-weighted scenarios to the macroeconomic factors related to the economic climate of the market in which it is engaged in its activities and as a result in an increase in the expected credit losses for trade receivable of 1,137,620 Saudi riyals was booked for the period ended June 30,2021 (Refer to note 6)

- Inventory

The group has carried out a study of the value of inventory by cost or net value verifiable whichever net value is less verifiable is the price that can be sold in the normal business cycle after allowing the cost to be verified, this resulted that there is no need to increase the provision for obsolete and slow-moving goods.

- Contingent liabilities and commitments

The Group assessed the impact of disruption of any operational activities, including any contractual challenges, business changes and business relationships between customers and suppliers, as well as reviewed the potential increase in liabilities and contingent liabilities, and no significant issues were noted.

- Going concern

The Group has conducted an assessment about its ability to continue as a going concern in light of the current economic conditions and all available information about future risks and uncertainties. Forecasts have been prepared that address the company's future performance, capital and liquidity, but at the present time, expectations indicate that the company has sufficient resources in order to continue carrying out its operations, and as a result, it was not significantly affected by its position on the going concern principle, these interim condensed consolidated financial statements have been prepared in accordance with the going concern basis (Refer to note 2/4)

16/2- Capital increase

On July 15, 2020, the Extraordinary General Assembly of Shareholders approved an increase in the group's share capital of SAR 100 million by issuing priority rights shares.

The full capital increase of SAR 100 million was covered with 8,677,641 new shares offered out of a total of 10,000,000 shares amounted to SAR 86,776,410. With a coverage of the total new shares offered 86.78% and the unsubscribed share was covered by the shareholders by offering the remaining 1,322,359 shares to a number of institutional investors where they were fully subscribed.

The Company's new share capital after the increase became SAR 175 million with a total number of shares of 17.5 million shares and the regular procedures related to the increase with the relevant authorities have been completed.

17. COMPARATIVE FIGURES

During the period, the comparative financial statements for the period ending on June 30, 2020, were amended, as the financial statements of Tihama Distribution Company were consolidated on the basis of the interim financial statements for the period ending on June 30, which were consolidated in the comparative financial periods on the basis of the interim financial statements for the period ending on March 31. With the amendment of the comparative information, the group has also reclassified some comparative information to conform to the presentation for the current year.

Tihama for Advertising, Public Relations and Marketing Company
(A Saudi Joint Stock Company)
Notes to The Interim Condensed Consolidated Financial Statements
For the period ended 30 June 2021
(All amounts are in Saudi Riyal unless otherwise stated)

17. COMPARATIVE FIGURES (CONTINUED)

17/1- Adjustments to the interim condensed consolidated financial position as of June 30, 2020, as a result of the reclassifications and the adjustment of the comparative figures of the financial statements of Tihama Distribution Company

	30 June 2020 (Before Restatement)	(Restatement)	30 June 2020 After (Restated)
Assets			
Non-Current Assets			
Property and equipment, net	21,104,641	(2,413)	21,102,228
Right-of-use assets, net	29,714,745	-	29,714,745
Investments in owners' equity instruments	45,826,087	-	45,826,087
Intangible assets, net	132,496	-	132,496
Investment properties, net	3,084,930	-	3,084,930
Total Non-Current Assets	99,862,899	(2,413)	99,860,486
Current Assets			
Inventories, net	51,791,629	5,041,305	56,832,934
Trade receivables and other debit balances, net	23,938,436	15,323,143	39,261,579
Due from related parties	7,984,668	(5,446,618)	2,538,050
Cash and cash equivalents	10,629,836	-	10,629,836
Total Current Assets	94,344,569	14,917,830	109,262,399
Total Assets	194,207,468	14,915,417	209,122,885
Owners' Equity and Liabilities			
Owners' Equity			
Share capital	75,000,000	-	75,000,000
Accumulated losses	(46,959,548)	4,682,922	(42,276,626)
Employees' defined benefit liabilities remeasurement reserve	-	(185,705)	(185,705)
Total Owners' Equity attribute to Shareholder in Parent Company	28,040,452	4,497,217	32,537,669
Non-controlling interest	(6,582,796)	-	(6,582,796)
Total Owners' Equity	21,457,656	4,497,217	25,954,873
Non-Current Liabilities			
Long term lease liabilities	9,292,350	-	9,292,350
Long term loans	2,602,362	-	2,602,362
Employees' defined benefits liabilities	5,817,422	32,738	5,850,160
Total Non-Current Liabilities	17,712,134	32,738	17,744,872
Current Liabilities			
Trade payables and other credit balances	77,997,682	20,537,862	98,535,544
Due to related parties	11,120,415	(10,044,400)	1,076,015
Current portion of long-term lease liabilities	28,082,205	-	28,082,205
Current portion of long-term loans	15,673,503	-	15,673,503
Zakat payable	22,163,873	(108,000)	22,055,873
Total Current Liabilities	155,037,678	10,385,462	165,423,140
Total Liabilities	172,749,812	10,418,200	183,168,012
Total Owners' Equity and Liabilities	194,207,468	14,915,417	209,122,885

Tihama for Advertising, Public Relations and Marketing Company
(A Saudi Joint Stock Company)
Notes to The Interim Condensed Consolidated Financial Statements
For the period ended 30 June 2021
(All amounts are in Saudi Riyal unless otherwise stated)

17. COMPARATIVE FIGURES (CONTINUED)

17/2- Adjustments to the comparative interim condensed consolidated profit and loss statement for the period ended June 30, 2020, as a result of adjusting and reclassifications of the comparative numbers in the financial statements of Tihama Distribution Company.

	30 June 2020		30 June 2020
	(Before		(Restated)
	restatement)	(Restatement)	
Revenue			
Total Revenue	9,585,370	11,967,032	21,552,402
Cost of revenues	(9,432,482)	(7,210,732)	(16,643,214)
GROSS PROFIT	<u>152,888</u>	<u>4,756,300</u>	<u>4,909,188</u>
Operating Expenses			
Selling and marketing expenses	(7,569,978)	622,072	(6,947,906)
General and administrative expenses	(3,662,501)	243,312	(3,419,189)
Loss from Operations	<u>(11,079,591)</u>	<u>5,621,684</u>	<u>(5,457,907)</u>
Non-Operating Revenues /(expenses)			
Financial charges	(1,281,156)	-	(1,281,156)
Share of results from associates	1,096,376	-	1,096,376
Placement expenses for capital increase	-	(76,429)	(76,429)
Other income, net	938,904	512,354	1,451,258
Loss for the year before zakat	<u>(10,325,467)</u>	<u>6,057,609</u>	<u>(4,267,858)</u>
Estimated zakat	(558,000)	216,000	(342,000)
Net loss for the period	<u>(10,883,467)</u>	<u>6,273,609</u>	<u>(4,609,858)</u>
Net loss for the period attribute to:			
Shareholders in parent company	(9,369,379)	6,273,609	(3,095,770)
Non-Controlling interest	(1,514,088)	-	(1,514,088)

18. LAWSUITS

On December 18, 2016, the General Assembly of Shareholders approved the recommendation of the Company's Board of Directors to file a complaint against some members of the company's former board of directors before the competent judicial authorities and authorize the Chairman of the Board to appoint a representative of the company in the filing of the lawsuit. After the lawsuit was filed with the Board of Grievances in Riyadh on 21 March 2017, a court decision was issued on 29-08-1439 H corresponding to 15-5-2018 G, including that the case was not accepted because there was no link between the different requests in the lawsuit. The company's appeal was rejected by the Court of Appeal, in which the court upheld the ruling of the Commercial Court on 9-4-1440 H corresponding to 16-12-2018 G, and after all means of litigation and appeals were tried in this case, the company was considering filing a new lawsuit and seeking adjudication the cases, requiring more legal advice and accounting advice. The company has received some differing opinions on the issue of the statutory dates, and the jurisdiction of the courts, and the subsequent procedures in this regard, which required a complex legal and accounting review.

Considering the above facts, the company has appointed a lawyer to express an opinion on the merits of this case and the possibility of re-assessing the violations committed by some members of the former Board of Directors of the company and considering moving forward with filing a new lawsuit before the competent judicial authorities to protect the interests of the company, and its shareholders if this is legally permissible and in the interests of the company and its shareholders.

18. LAWSUITS (CONTINUED)

During the fiscal year ended March 31, 2021, a preliminary judgment was issued in favour of a municipality, amounting to 11.7 million Saudi Riyals for the rental and exploitation of advertising sites (recorded in the accounting records at the full value of the claim), post the financial position, the parent company filed an appeal against the judgment before the Administrative Court of Appeal.

During the fiscal year ended March 31, 2021, a final judgment was issued against the company in a lawsuit by one of the customers with a subsidiary company (Tihama Distribution Company). The judgment stipulates that the company pays an amount of 1,871,743 Saudi riyals in favor of the plaintiff, and a provision has been entered in the books in exchange for the judgment amount within the trade payables and other credit balances. After the date of the financial position, the company filed a petition against the judgment.

During the fiscal year ended March 31, 2021, a preliminary judgment was issued against the company in a lawsuit by one of the customers with a subsidiary company (Tihama Distribution Company). The judgment stipulates that the company pays an amount of 3,448,186 Saudi riyals in favor of the plaintiff, and a provision has been entered in the books in exchange for the judgment amount within the creditors and other credit balances, the company has appealed the judgment to the Court of Appeal.

During the period ended June 30, 2021, the company's appeal was rejected in a lawsuit demanding the company to pay an amount of approximately 13.4 million Saudi riyals in favor of one of the individuals, the amount represented in transferring a right to a debt on the company in favor of a company owned by the former chairman of the board of directors for a non-interest bearing loan previously granted to the company before 30 September 2015, trade payables and other credit balances includes an amount of around 13.8 million Saudi riyals against the debt , and the Company has submitted a petition against the judgment.

During the period ended June 30, 2021, the parent company filed a compensation claim against the former director of Tihama Global (an associate company) and a partner in the associate company in the United Arab Emirates, and no judgment was issued in the case at the date of approving the interim condensed consolidated financial statements.

19. APPROVAL ON CONSOLIDATED FINANCIAL STATMENTS

The interim condensed consolidated financial statements for the period ended 30 June 2021 were approved by the Board of Directors on 11 Muharam 1443 H (corresponding to 19 August 2021).