TIHAMA FOR ADVERTISING, PUBLIC RELATIONS AND MARKETING COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTH AND NINE-MONTH PERIOD ENDED DECEMBER 31, 2020
TOGETHER WITH INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT

TIHAMA FOR ADVERTISING, PUBLIC RELATIONS AND MARKETING COMPANY
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Financial Statements
For the Nine-Month Period Ended December 31, 2020
Together with Independent Auditor's Review Report

Contents

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 December 31, 2020, and its subsidiaries collectively referred to as "the group", and the related condensed consolidated interim statement of profit or loss and the other comprehensive loss for the three month period and nine month period then ended, and the related condensed consolidated interim statements of changes in shareholders' equity and cash flows for the nine-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:

1. 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 3,818,857 SR and 37,066,560 SR, respectively, in the condensed consolidated interim balance sheet as on December 31, 2020, and the group's share of the net income of the above companies was included based on financial statements prepared by the management. 500,189 SR and (2,975,625) SR, respectively, in the condensed consolidated interim statement of profit and loss for the period then ended. We were not able to obtain sufficient audit evidence directly or through alternative audit procedures regarding the group's investment balances in the above companies as on December 31, 2020, as well as the group's share in the net 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.

2. As indicated in note (3/1/5) the subsidiary companies and the percentage of the group's share in its capital in the attached condensed consolidated interim financial statements, which indicates that the condensed consolidated interim financial statements include an investment in a subsidiary company represented by the International Company for Advertising Services Ltd. Its financial statements are consolidated for non-issuance of the financial statements from the year 2012, due to the cessation of the company's activity since the date of November 16, 2011, and thus we were unable to obtain sufficient and appropriate audit evidence directly or through alternative audit procedures to determine the validity of the condensed consolidated interim financial statements disclosed. Accordingly, we are unable to determine whether any adjustments to the condensed consolidated interim financial statements were necessary.

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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 December 31, 2020 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.

Other Matter
The condensed consolidated interim financial statements for the financial period ending on 31 December 2019 of the Group were reviewed by another auditor who expressed a conclusion on these condensed consolidated interim financial statements on 10 Jumada al-Akher 1441 AH (corresponding to 4 February 2020 AD)

Al-Kharashi & Co.

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

الخراشي وشركاه
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ترخيص : ٥٣٦ Lic.: 536
Certified Accountants
& Auditors
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Riyadh:
Jumada II 26,1442 H
February 8, 2021 G

TIHAMA FOR ADVERTISING, PUBLIC RELATIONS AND MARKETING COMPANY
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Financial Position
As at December 31, 2020
(Saudi Riyal)

	Note	31 December 2020 (Unaudited)	31 March 2020 (Audited) (Adjusted)	01 April 2019 (Audited) (Adjusted)
Assets				
Non-Current Assets				
Property and equipment, net		23,022,457	22,398,558	19,583,696
Right-of-use assets, net	1/4	24,089,851	33,939,895	31,689,165
Investment in owners' equity instruments	5	42,105,356	45,475,768	38,310,427
Intangible assets, net		79,557	15,966	4,571,717
Investment properties, net		3,005,541	3,124,605	-
Total Non-Current Assets		**92,302,762**	**105,097,792**	**94,155,005**
Current Assets				
Inventories, net		51,214,180	52,568,682	57,279,331
Account receivable and other debit balances	6	46,455,233	22,709,455	53,594,542
Due from related parties	2/10	4,569,665	8,539,359	1,004,884
Cash and cash equivalents	7	73,153,241	11,864,281	5,109,501
Total Current Assets		**175,392,319**	**95,681,777**	**116,988,258**
Total Assets		**267,695,081**	**200,779,569**	**211,143,263**
Owners' Equity and Liabilities				
Owners' Equity				
Share capital	8	175,000,000	75,000,000	75,000,000
Accumulated losses		(70,930,828)	(39,263,804)	(13,678,062)
Employees 'defined benefit measurement reserve		(102,758)	(102,758)	(15,407)
Change in fair value reserve		(51,228)	-	-
Total Owners' Equity Attribute to Shareholder in Parent Company		**103,915,186**	**35,633,438**	**61,306,531**
Non-controlling interest		(770,374)	(5,068,708)	(1,519,456)
Total Owners' Equity		**103,144,812**	**30,564,730**	**59,787,075**
Non-Current Liabilities				
Long term lease liabilities	2/4	11,166,999	12,358,145	17,219,065
Long term loans	9	17,212,152	4,464,625	4,725,034
Employees' defined benefits liabilities		5,461,819	5,652,434	4,115,441
Total Non-Current Liabilities		**33,840,970**	**22,475,204**	**26,059,540**
Current Liabilities				
Accounts payable and other credit balances		85,325,552	74,543,743	78,863,562
Due to a related party	2/10	1,076,015	11,120,415	2,204,109
Current portion of long-term lease liabilities	2/4	16,726,748	25,750,617	18,996,628
Current portion of long-term loans	9	3,256,366	13,610,986	4,850,625
Zakat payable	12	24,324,618	21,713,874	20,381,724
Total Current Liabilities		**130,709,299**	**147,739,635**	**125,296,648**
Total Liabilities		**164,550,269**	**170,214,839**	**151,356,188**
Total Owners' Equity and Liabilities		**267,695,081**	**200,779,569**	**211,143,263**

The accompany notes from (1) to (20) are integrated part of these condensed consolidated interim financial statements.

TIHAMA FOR ADVERTISING, PUBLIC RELATIONS AND MARKETING COMPANY
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Profit or Loss Statement
For the Three and Nine-Month Period Ended 31 December 2020
(Saudi Riyal)

	Note	Three months ended 31 December 2020 (Unaudited)	Three months ended 31 December 2019 (Unaudited) (Adjusted)	Nine-months ended 31 December 2020 (Unaudited)	Nine- months ended 31 December 2019 (Unaudited) (Adjusted)
Revenue					
Sales of goods		6,255,607	11,382,433	37,217,553	45,706,756
Revenues from Film production and promotional materials		4,078,021	3,507,673	12,314,423	13,580,769
Advertisement and other		1,993,837	2,429,707	5,768,824	13,042,750
Total Revenue		12,327,465	17,319,813	55,300,800	72,330,275
Cost of revenue		(10,045,890)	(13,180,786)	(44,635,170)	(47,250,667)
GROSS PROFIT		2,281,575	4,139,027	10,665,630	25,079,608
Operation Expense					
Selling and marketing expenses		(10,656,977)	(9,112,137)	(26,080,374)	(23,969,543)
General and administrative expenses		(7,829,772)	(6,690,610)	(14,616,503)	(16,859,290)
Loss from Operations		(16,205,174)	(11,663,720)	(30,031,247)	(15,749,225)
Non-Operation Revenue / (expense)					
Financial charges		(1,659,531)	(1,289,109)	(4,131,115)	(3,327,657)
Share of results from associate companies		(1,585,236)	915,196	(2,573,369)	769,300
Impairment of intangible assets		-	(2,461,044)	-	(2,461,044)
Placement expenses for the capital increase		-	(88,060)	(2,808,494)	(581,853)
Other revenue	11	4,109,451	(177,900)	5,829,938	8,824,263
Net Loss For The Year Before Estimated Zakat		(15,340,490)	(14,773,637)	(33,714,287)	(12,526,216)
Estimated zakat		(1,448,803)	(696,293)	(3,698,803)	(1,501,332)
Net Loss For The Year		(16,789,293)	(15,469,930)	(37,413,090)	(14,027,548)
Net loss For The Year Attribute To:					
Shareholders' in parent company		(14,617,155)	(14,710,512)	(31,667,024)	(12,905,117)
Non-Controlling interest		(2,271,138)	(759,418)	(5,746,066)	(1,122,431)
Loss per share from basic and diluted	15	**(0.86)**	**(1.2)**	**(2,33)**	**(1,05)**

The accompany notes from (1) to (2...) are integrated part of these condensed consolidated interim financial statements.

TIHAMA FOR ADVERTISING, PUBLIC RELATIONS AND MARKETING COMPANY
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Other Comprehensive Loss (Unaudited)
For the Three and Nine-Month Period Ended 31 December 2020
(Saudi Riyal)

	Note	Three-months ended 31 December 2020 (Unaudited)	Three-months ended 31 December 2019 (Unaudited) (Adjusted)	Nine-months ended 31 December 2020 (Unaudited)	Nine-months ended 31 December 2019 (Unaudited) (Adjusted)
Net Loss For The Year		(16,789,293)	(15,469,930)	(37,413,090)	(14,027,548)
Items Not be Reclassified to Profit or Loss in Subsequent Periods					
Re-measurement for employees' defined benefits		-	(50,959)	-	(50,959)
Items Not be Reclassified to Profit or Loss in Subsequent Periods					
Change in fair value of financial assets	5			(51,228)	
Total comprehensive loss		**(16,789,293)**	**(15,520,889)**	**(37,464,318)**	**(14,078,507)**
Comprehensive loss attribute to:					
Shareholder in parent company		(14,617,155)	(14,761,472)	(31,718,252)	(12,956,077)
Non-controlling interest		(2,172,138)	(759,417)	(5,746,066)	(1,122,430)
Total comprehensive loss		**(16,789,293)**	**(15,520,889)**	**(37,464,318)**	**(14,078,507)**

The accompany notes from (1) to (20) are integrated part of these condensed consolidated interim financial statements.

TIHAMA FOR ADVERTISING, PUBLIC RELATIONS AND MARKETING COMPANY
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Owner's Equity (Unaudited)
For the Nine-Month Period Ended 31 December 2020
(Saudi Riyal)

	Share Capital	Accumulated losses	Provision for employees' defined benefits	Provision change in fair value	Total Owners' Equity Attribute to Shareholder in parent Company	Non-Controlling interest	Total owners' equity
Balance at 1 April 2019	75,000,000	(11,524,699)	-	-	63,475,301	(1,497,540)	61,977,761)
Adjustments	-	(2,153,363)	(15,407)	-	(2,168,770)	(21,916)	(2,190,686)
Balance at 01 April 2019	75,000,000	(13,678,062)	(15,407)	-	61,306,531	(1,519,456)	59,787,075
Net loss for the year	-	(12,905,117)	-	-	(12,905,117)	(1,122,430)	(14,027,547)
Provision for employees' defined benefits	-	-	(50,959)	-	(50,959)	-	(50,959)
Total comprehensive loss	-	(12,905,117)	(50,959)	-	(12,956,076)	(1,122,430)	(14,078,506)
Net change in non-controlling interest	-	-	-	-	-	(64,135)	(64,135)
Balance at 31 December 2019 (adjusted) (un-audited)	**75,000,000**	**(26,583,179)**	**(66,366)**	**-**	**48,350,455**	**(2,706,021)**	**45,644,434**
Balance at 1 April 2020	75,000,000	(37,590,169)	-	-	37.409.831	(5.068.708)	32.341.123
Adjustments	-	(1,673,635)	(102,758)	-	(1,776,393)	-	(1,776,393)
Balance at 01 April 2020	75,000,000	(39,263,804)	(102,758)	-	35,633,438	(5.068.708)	30,564,730
Net loss for the year	-	(31,667,024)	-	-	(31,667,024)	(5,746,066)	(37,413,090)
Change in fair value of financial assets	-	-	-	(51,228)	(51,228)	-	(51,228)
Total comprehensive loss	-	(31,667,024)	-	(51,228)	(31,718,252)	(5,746,066)	(37,464,318)
Net change in non-controlling interest	-	-	-	-	-	10,044,400	10,044,400
Capital increase by rights issue	100,000,000	-	-	-	100,000,000	-	100,000,000
Balance at 31 December 2020 (un-audited)	**175,000,000**	**(70,930,828)**	**(102,758)**	**(51,228)**	**103,915,186**	**(770,374)**	**103,144,812**

The accompany notes from (1 to 30) are integrated part of these condensed consolidated Interim financial statements.

TIHAMA FOR ADVERTISING, PUBLIC RELATIONS AND MARKETING COMPANY
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Cash Flows
For the Nine-Month Period Ended 31 December 2020
(Saudi Riyal)

	31 December 2020 (Unaudited)	31 December 2019 (Unaudited)
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss for the year before estimated zakat	(33,714,287)	(12,526,216)
Adjustment for non-cash item:		
Depreciation of property and equipment	4,183,081	3,446,218
Gain on sale of property and equipment	(358,023)	-
Depreciation of right of use asset	12,699,989	9,753,127
Amortization of intangible assets	79,409	1,925,237
Impairment loss on intangible assets	-	2,461,044
Depreciation of investment in properties	119,064	-
Share of results from associate companies	2,573,369	(769,300)
Provision for expected credit losses	2,190,203	819,754
Provision of slow moving and obsolete inventory	-	592,245
Provision for employees' defined benefits	1,241,921	1,563,665
Finance cost	4,131,115	3,327,658
	(6,854,159)	**10,593,432**
Changes in working capital:		
Inventories	1,354,502	(1,229,422)
Accounts receivable and other debit balances	(25,935,981)	11,672,804
Due from related parties	3,967,477	(3,080,444)
Accounts payables and other credit balances	9,781,809	(4,320,477)
Due to related parties	-	9,157,346
Zakat paid	(1,088,058)	(428,714)
Employees' defined benefits paid	(1,432,536)	(509,059)
Net cash flows provided from / (used in) operating activities	**(20,206,946)**	**21,855,466**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(4,818,375)	(6,819,498)
Proceeds from sale of property and equipment	369,417	-
Net change in non-controlling interest	-	(64,135)
Dividend from associate companies	748,032	-
Net cash flows (used in) provided from investing activities	**(3,700,926)**	**(6,883,633)**
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans, net	2,392,907	6,496,627
Repayment of lease liabilities	(15,360,593)	(8,917,343)
Proceeds from capital increase	100,000,000	-
Finance cost	(1,835,482)	(1,163,612)
Net cash used in financing activities	**85,196,832**	**(3,584,328)**
Net increase / (decrease) in cash and cash equivalents	**61,288,960**	**11,387,505**
Cash and cash equivalents, beginning of the year	11,864,281	5,109,501
Cash and cash equivalents, end of year	**73,153,241**	**16,497,006**

The accompany notes from [illegible] are integrated part of these condensed consolidated Interim 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 located in Riyadh, after the approval of the extraordinary general assembly of the parent company, which was held on 16/10/2016 (corresponding to 15/1/1438H), to transfer the head office from Jeddah to Riyadh.
- As of December 31, 2020, 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 condensed consolidated interim financial statements include the financial statements of the parent company and its subsidiaries (collectively referred to as the group) as of December 31, 2020.

2) BASIS OF PREPARATION CONSOLIDATED FINANCIAL STATEMENT

2/1- Statement of compliance:

- The condensed consolidated interim financial statements were prepared in accordance with IAS 34 "Interim Financial Reports" indorsed in Kingdom of Saudi Arabia and other standards and issues approved by the Saudi Organization for Certified Public Accountants and these condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year as of March 31, 2020, the condensed consolidated interim 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 begin 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 indorsed in the Kingdom of Saudi Arabia, which require disclosure of fair value.

The accounting policies, estimates and assumptions used in the preparation of the condensed consolidated interim financial statements are consistent with the principles used in the preparation of the annual consolidated financial statements for the year ended March 31, 2020.

2/2- Basis of measurement:

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

2/3- Functional and presentation currency:

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

2) BASIS OF PREPARATION CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

2/4- Use of estimates and judgments

The preparation of the condensed consolidated interim 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, 2020.

However, as described in note 16, the Group reviewed important sources of uncertainty described in the annual financial statements on March 31, 2020 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 condensed consolidated interim financial statements are in accordance with the international standards of the financial report indorsed 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, 2020, except for amendments to IFRS 16 "Leases" in response to the effects of Covid-19 on tenants, which were adopted on June 1, 2020.

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

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 same accounting policies and calculation methods in the condensed consolidated interim financial statements as well as in the annual condensed consolidated financial statements, except for 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 benefits that arise as a direct result of the Covid-19 epidemic and only if all the following conditions are met:

(a) The change in rental payments should result in a rent rate offset largely equivalent to the lease immediately prior to, or less, 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 standards 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 account.

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 privileges that meet the requirements, which occurred in the company's case from March 2020 to December 2020.

3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards and amendments to standards and interpretations (continued)

Accounting for lease concessions as the 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 CONSOLIDATED BASIS

The 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 December 31, 2020. 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 possesses the right that gives it the current power to control the activities related to 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 influence 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 the time that requires decision-making, including voting 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 unified in line with the group's accounting policies.

All intermediate accounts 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.

3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-1 CONSOLIDATED BASIS (CONTINUED)

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

- 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 stock 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 subsidiary companies that were previously recognized under comprehensive income to the consolidated statement of profit or loss or retained earnings as appropriate, and it also becomes a requirement if the group disposes of the related assets and liabilities directly.

3/1/1- ASSOCIATE COMPANIES

Associate companies 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.

3/1/2- EQUITY METHOD

Based on the equity method, investments are recognized primarily at cost and subsequently adjusted to reflect the group's contribution to 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. 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 recorded to reduce the net value of the investments.
The goodwill related to the associate or joint venture is included in the carrying amount of the investment and is not independently tested for impairment.

The 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 list of changes in the consolidated equity of unrealized profits and losses resulting from the transactions between the group, the associate and the project. The joint amount to the group's share 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 it 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 the joint venture, the group measures and recognizes the investment 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 the proceeds of disposal will be recognized in the statement of consolidated profit or loss.

3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-1 CONSOLIDATED BASIS (CONTINUED)

3/1/3- Non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets that are not held by the group and are presented separately in the consolidated statement of income and within owner equity in the consolidated statement of financial position, independently from shareholders' equity. Losses applied to the minority in excess of the minority share are distributed against the group's share except to the extent that the minority has a binding obligation and has the ability to make 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 equity transactions.

3/1/4- Business combinations and goodwill operations

Accounting for business combinations is done using the acquisition method. The cost of an acquisition is measured by the total consideration transferred, which is measured at the fair value at the acquisition date and the amount of non-controlling interest in the acquire. For each business combination, the group measures the non-controlling interest in the acquire at fair value or at the proportionate share of the identifiable net assets of the acquiree. Acquisition costs incurred are expensed and included in administrative expenses.

In the event that the merger is achieved in stages, the retained portion of the acquired company is calculated at fair value, provided that the difference is accounted for in the profit and loss account. When the group acquires a business, the financial assets and liabilities that have been undertaken are estimated for the appropriate classification and allocation according to the contractual terms, economic conditions and conditions prevailing at the date of the acquisition. This includes the separation of derivatives included in other financial instruments in the main contracts by the acquiring company.

Any future contingent liability by the buyer will be added to the fair value at the date of acquisition. All contingent liabilities (except for those classified as equity) are measured at fair value and changes in fair value are accounted for in profit and loss. Contingent liabilities classified as equity are not reassessed or settled, and any subsequent payments are accounted for on an equity basis.

Originally, goodwill is measured at cost (being the increase in the total consideration transferred and the amount of non-controlling interests recognized and any interests held, in excess of the net identifiable assets acquired and liabilities assumed). In the event that the fair value of the net assets acquired exceeds the total consideration transferred, the Group reassesses to ensure that it has correctly identified all the assets acquired and all liabilities that have been undertaken, and reviews the procedures used to measure the amounts to be recognized on the date of acquisition. If this reassessment still results in an increase in the fair value of net assets acquired over the total consideration transferred, then the profits are recognized in the statement of consolidated profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of testing for impairment, goodwill acquired in the merger from the date of the acquisition is allocated on the basis of the group's cash-generating unit that is expected to benefit from the business combination regardless of other assets or liabilities. Which has been considered by the acquiring company of these units, the "cash generating unit" is the smallest group of assets that generate cash inflows from continuous use and are largely independent of the cash flows from other assets or groups. The cash-generating unit is consistently identified from period to period for the same assets or types of assets, unless the change is justified.

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3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-1 CONSOLIDATED BASIS (CONTINUED)

Name of subsidiary company	Country	Activity	Capital	Company share%	
				31 December 2020	31 March 2020
Tihama Holding for commercial investment Company (B)	KSA	Holding company	500,000	100%	100%
Tihama distribution Company (A)	KSA	Publish and distribute	3,500,000	100%	100%
Tihama Modern Bookstores Company (B)	KSA	Stationary 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	Education	200,000	49%	49%
Fast Advertisement company (D)	KSA	Advertisement	25,000	100%	100%
Integrated Production for Audio-visual Media Production Company (E)	KSA	Production	10,000	35%	35%
Aventus Global Trading Company (F)	UAE	Trading	616,409	49%	49%
Nassaj AlKhayal for Audio-visual Media Production company (H)	KSA	Production	100,000	50%	50%

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% of the amount of 300,000 SR. The group in the net book value of the acquired assets is 120,637 SR. The excess of the purchase cost over the book value of the acquired share of 179,363 SR was recognized directly in the condensed consolidated interim statement of profit or loss.

B) During the year ending on March 31, 2003, the parent company established the Tihama Holding for Commercial Investment (LTD), and its commercial records were issued, but it has not practiced 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 practiced 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 library department to that company as on November 3, 2010.

C) On April 3, 2017, the parent company established Tihama Education Company - a limited liability company owned 100% with a capital of 200,000SR for the purpose of providing training and educational development services, and after that the parent company sold a share of 51% From the company's capital of 102,000SR to a new partner, so that the parent company's ownership of the company's capital becomes 49%. And despite the fact that the parent company's ownership percentage in the company is less than 50%, due to the parent company's control over the operational matters and the company's bank accounts, and accordingly, the company's financial statements have been consolidated within the condensed consolidated interim financial statements of the group.

3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-1 CONSOLIDATED BASIS (CONTINUED)

D) During the year ending on March 31, 2019, the parent company established the Fast Advertising Company - a limited liability company 100% owned and with a capital of 25,000SR, noting that the company did not start practicing the activity until the date of preparing the condensed consolidated interim financial statements.

E) During the year ending on 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, owned by 35%. Although the parent company's ownership percentage in the company is less than 50%, due to the parent company's control over operational matters and the company's bank accounts, and accordingly, the company's financial statements have been consolidated within the group's condensed consolidated interim financial statements.

F) During the year ending on March 31, 2020, the group (through Tihama Education Company) acquired Aventus Global Trading Company (LTD) registered in the United Arab Emirates, with a capital of 616,409 SR with a 100% ownership and the group's ownership in the subsidiary is 49%.

G) The partners in the International Company for Advertising Services Ltd. - Intermarket 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 loss, and the following decisions were taken:

- Suspending the company's activity for a period of six months starting from the end of the fiscal year on December 31, 2011, renewed for another period or periods.
- The partners meet at the end of each period to decide on the continuation or termination of the suspension and the return of the company to its activity.

The meeting of the partners in the International Company for Advertising Services Ltd. - Intermarket has not been held to decide whether to continue it or end the moratorium and return to practice its activity since that date, and the company has ceased to operate, and accordingly the parent company decided to stop compiling the financial statements of the International Company for Advertising Services Ltd. - Intermarket within the Group consolidated financial statements.

H) During the year ending on 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%. However, 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.

3/1/5 Consolidated financial statements report date.

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 Avents 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 same year. The financial statements of these companies were consolidated for the years ending on December 31, with the exception of 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, which were consolidated on the basis of the financial statements for the year ending December 31. The necessary adjustments were made to prove the effect of the events and transactions carried out by the subsidiary companies during the period between October 1 and December 31 if they had a material impact on the consolidated financial statements of the group or not. During the period, Tihama's financial statements were consolidated on the basis of the initial financial statements for the period ended December 31, which were consolidated in the previous financial periods on the basis of the period ended September 30, and on the basis of the financial statements for the year ended December 31, therefore, the effect of this change was proved as an adjustment to the opening balance of accumulated losses as of April 1, 2019 with the adjustment of the comparative information.

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4- LEASE

4/1- Right of use assets, net

	31 December 2020 (Un-audited)	31 March 2020 (Audited) (Adjusted)
Balance as at beginning of the year	33,939,895	31,689,165
Addition during the year	2,849,945	17,916,855
Deprecation during the year	(12,699,989)	(15,666,125)
Balance as at end of the year	**24,089,851**	**33,939,895**

4/2- Lease liability

Lease liability transaction during the year represent as follows:

	31 December 2020 (Un-audited)	31 March 2020 (Audited) (Adjusted)
Balance as at beginning of the year	38,108,762	36,215,693
Addition during the year	2,849,945	17,916,857
Finance cost during the year	2,295,633	2,803,348
Repayments of lease liability	(15,360,593)	(18,827,136)
Balance as at end of the year	**27,893,747**	**38,108,762**

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

	31 December 2020 (Un-audited)	31 March 2020 (Audited) (Adjusted)
Non-current portion of lease liability	11,166,999	12,358,145
Current portion of lease liability	16,726,748	25,750,617
Total lease liability	**27,893,747**	**38,108,762**

4/3- Recognised lease cost in statement of consolidated profit and loss

The below table shows the recognised value in statement of consolidated profit and loss:

	31 December 2020 (Un-audited)	31 December 2020 (Audited) (Adjusted)
Depreciation expense for right of use assets	12,699,989	9,753,127
Finance cost for lease liability	2,295,633	2,164,045
Short term rent expense	1,865,602	1,097,226
Balance as at	**16,861,224**	**13,014,398**

4/4- Short term rent

4/4/1- Rent expense

	31 December 2020 (Un-audited)	31 December 2019 (Audited) (Adjusted)
Short term rent record as expense during the year	1,865,602	1,097,226

- 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.

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5- INVESTMENT IN OWNER EQUITY INSTRUMENTS

The group investment represent as follows:

	Note	31 December 2020 (Un-audited)	31 March 2020 (Audited) (Adjusted)
Investment in associate company	5/1	40,966,977	44,286,161
Financial assets designed at fair value throw OCI	5/2	1,138,379	1,189,607
Balance as at end of the year		**42,105,356**	**45,475,768**

5/1- INVESTMENT IN ASSOCIATE COMPANY

The group have the following investment in associate company:

Name of subsidiary company	Country	Activity	Company share%		Book value	
			2020	2019	31 December 2020 (Un-audited)	31 March 2020 (Audited) (Adjusted)
United Advertising Company(A)	KSA	Advertising and promotion	50%	50%	3,818,857	3,318,668
Saudi Company for sign supplies (B)	KSA	Supply of advertisement materials	42.5%	42.5 %	-	-
United Journalists. Company (C)	Bahrain	Advertising	50%	50%	-	-
J. Walter Thompson MENA Company (D)	UK	Publishing and distribution	30%	30%	37,066,560	40,790,217
Gulf Systems Development Company (E)	KSA	Technical and other services	30%	30%	-	-
Renewable Technology Company (E)	KSA	Technical and other services	30%	30%	-	-
Tihama Contemporary Media Company (F)	KSA	Media and research	29%	29%	81,560	177,276
Tihama New Media Company (F)	KSA	Media and research	48%	48%	-	-
Tihama Global Company - Free Zone	UAE	Advertising & marketing services	40%	40%	-	-
					40,966,977	**44,286,161**

- The financial year of the above associates starts on January 1 and ends on December 31 of each calendar year. The parent company's share of the change in the net assets of J. Walter Thompson MENA and United Advertising.

5) INVESTMENT IN OWNER EQUITY INSTRUMENTS (CONTINUED)

5/1- INVESTMENT IN ASSOCIATE COMPANY (CONTINUED)

Limited for the two periods ended December 31, 2020 and 2019 was calculated based on the financial statements prepared by the management of these companies, and the parent company's share in the change in net assets of Tihama Contemporary Media and Tihama New Media for the two periods ended December 31, 2020 and 2019 was calculated based on the financial statements prepared by the management of these companies for the period ended December 31,2020, and based on the audited financial statements for the period ended December 31, 2019.

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 on December 31, 2020.

5/1 (B) - Saudi for Selling Advertising Materials.
The partners in Saudi for the Sale of Advertising Materials Ltd. decided during the quarter ending on 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 on December 31, 2020. The company's share in the net equity of the partners in this associate as on December 31, 2020 is nothing and March 31, 2020 is nothing 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 December 31, 2020 and March 31, 2020, 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 been registered The parent company's share of the associate's losses for the two years ending on December 31, 2020 and 2019. The last balance sheet obtained by the company was December 31, 2009.

5/1 (D) - J. Walter Thomson MENA Corporation
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 financial statements of that company as of December 31, 2019 are still under review.

5/1 (E) - Gulf Systems Development Company and Renewable Technology Company
The investments in these two associate companies include the share of the parent company's investment in them, as they have not exercised any activities since their establishment and that no financial information was available regarding the Renewable Technology Company until the date of preparing these consolidated financial statements. And based on the decline study conducted, the parent company recorded a 100% impairment loss on these investments.

5/1 (F)- Tihama Contemporary Media Company and Tihama New Media Company
During the year ending on March 31, 2018 AD, the parent company contributed to the establishment of the Tihama Contemporary Media Company with a capital of 100,000 Saudi riyals and an ownership rate of 29% as on March 31, 2020 AD, and the company also contributed to the establishment of the Tihama New Advertising Company with a capital of 100,000 riyals Saudi Arabia, and the ownership of the company is 48% (direct and indirect) as on December 31, 2020 and March 31, 2020.

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5) INVESTMENT IN OWNER EQUITY INSTRUMENTS (CONTINUED)

5/1/2 The following is the summary of financial information for book value of the parent company's shares in these associate companies:

	31 December 2020 (Un-audited)	31 March 2020 (Audited) (Adjusted)
Balance as at beginning of the year	44,286,161	37,120,820
Transfer from current account *	2,218	124,586
Addition	-	-
Dividend	(748,032)	-
Share from operation result	(2,573,370)	7,040,755
Balance as at end of the year	**40,966,977**	**44,286,161**

* The group pledged to provide support to Tihama New Media (associate company) as a share of the associate's losses.

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

This investment represents the group's share in an investment through a subsidiary (Tihama Distribution Company) with a percentage of 9% in the United National Company (a Saudi limited liability company). This investment has been classified as financial assets designed at fair value through other comprehensive income as on December 31, 2020. The Group recorded losses on the change in fair value of the investment through other comprehensive income of SAR 51,228 based on the evaluation prepared by an evaluation office licensed by the Saudi Independent Residents Authority

6) ACCOUNT RECEIVABLE AND OTHER DEBIT BLANCES

	31 December 2020 (Un-audited)	31 March 2020 (Audited) (Adjusted)
Trade receivable	34,812,223	19,741,033
Advance payment to supplier	2,286,201	1,272,834
Prepaid rent	-	29,537
Letter of guarantee	10,645,862	2,349,336
Prepaid expense and other debit balances	7,900,370	6,315,935
	55,644,656	29,708,675
Expected credit loss provision	(9,189,423)	(6,999,220)
	46,455,233	**22,709,455**

7) CASH AND CASH EQUIVALANTES

	31 December 2020 (Un-audited)	31 March 2020 (Audited) (Adjusted)
Cash in local and external banks	4,097,729	11,608,571
Cash at local murabaha fund in SR	48,882,090	-
Deposits in local banks	20,020,776	-
Cash on hand	152,646	255,710
	73,153,241	**11,864,281**

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

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8) SHARE CAPITAL

- The authorized, issued and fully paid-up capital of the parent company as of December 31, 2020 is 75,000,000 SR divided into 7,500,000 shares, the value of the share is 10 Saudi riyals (March 31, 2020) is 75,000,000 SR divided into 7,500,000 shares. The share is 10 Saudi riyals.
- On March 25, 2019 AD, the Board of Directors issued a recommendation to increase the company's capital by 100 million Saudi riyals by issuing rights issues. On January 16, 2020 AD, the Saudi Capital Market Authority approved the company's request to increase its capital by a value of 100 million Saudi riyals by issuing rights issue On July 15, 2020 AD, the Extraordinary General Assembly of the shareholders approved an increase of the company's capital by the amount of 100 million Saudi riyals by issuing rights issues.
- 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.
- 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 stocks is equal to the group's remaining assets.

9) LONG TERM LOANS

	31 December 2020 (Un-audited)	31 March 2020 (Audited) (Adjusted)
Long term loans	**20,468,518**	**18,075,611**
Current portion of long term loans	3,256,366	13,610,986
Non-current portion of long term loans	17,212,152	4,464,625
Total	**20,468,518**	**18,075,611**

- During the period ended December 31, 2020, 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 period ended December 31, 2020, part of the facility mentioned above was used to obtain a medium-term loan for two years' worth 17 million riyals. By agreeing to pay an early settlement for the existing Islamic murabaha with Al Bab Al-Abyad 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 period between December 31, 2020, part of the facility mentioned 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 in addition to contributing to the reduction of the company's financial costs during the coming financial periods due to the lower profit rate of new financing obtained by the company from the profit rates of the existing profit margins.

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9) LONG TERM LOANS (CONTINUED)

- Financing costs are paid quarterly while the principal of the financing is paid on the date of the financing due to 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 riyals as of December 31, 2020 (nothing as on March 31, 2020). note (7)
- A subsidiary company has financing from an external bank to purchase cars with a book value as of December 31, 2020, an amount of 394,857 SR (577,563 as of March 31, 2020). The financing is paid in monthly instalments for a period of 48 months.
- A subsidiary company has a non-cash facility from an external bank to issue performance letters of guarantee amounting to 4,935,053 SR as on December 31, 2020 (4,935,053 SR as of March 31, 2020). The most important terms of the facility include mortgage of real estate investments to the company 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 stock as a guarantee for the non-cash facility and a promissory note for the value of the facility.

10) RELATED PARTY TRANSACTION

10/1-Realted party transaction

During the year, some transactions were conducted with related parties in accordance with the terms and commercial principles followed with others. 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 years ending December 31, 2020 and 2019:

			Net value of transaction	
	Natural of relation	Natural of transaction	31 December 2020	31 December 2019
Tihama for Contemporary Media	Associate company	Current account	1,500	505,546
Tihama New Media	Associate company	Current account	2,217	19,414
United Advertising – Memac	Associate company	Current account	-	480,509
Integrated Production Corporation	Sister company	Production contract	-	717,266
Integrated Production Corporation	Sister company	Current account	641,445	-
MSC Saudi company	Sister company	Payments under an investment account	10,044,400	10,146,400
Majal Al-Sora Corporation	Sister company	Current account	625,000	-
Majal Al-Sora Corporation	Sister company	Production contract	3,410,424	2,293,764
Golden myrkott	Sister company	Current account	1,500,000	50,000

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10) RELATED PARTY TRANSACTION (CONTINUED)

10/2 Related parties' balances

10/2/1- Due from related party

	31 December 2020 (Un-audited)	31 March 2020 (Audited) (Adjusted)
Integrated Production Corporation	675,218	33,773
Majal Al-Sora Corporation	413,183	3,273,607
Tihama for Contemporary Media	1,662,811	1,661,311
Tihama New Media	874,496	878,712
Golden myrkott	943,957	2,691,956
	4,569,665	**8,539,359**

10/2/2- Due to related party

	31 December 2020 (Un-audited)	31 March 2020 (Audited) (Adjusted)
MSC Saudi company	-	10,044,400
United Advertising - Memac	1,076,015	1,076,015
	1,076,015	**11,120,415**

11) REVNUE AND OTHER EXPENSES, NET:

	31 December 2020 (Un-audited)	31 December 2019 (Audited) (Adjusted)
Rental discounts**	3,674,158	-
Advertisement rental contracts settlement *	-	7,724,800
Settlement of unclaimed credit balances	-	312,693
Rent, Net	212,881	(1,143,269)
Acquisition on subsidiary company	-	1,110,533
Share profits from investment in murabaha fund	367,090	-
Profits from disposal of property and equipment	358,023	-
Settlement of no provision more required	506,055	-
Other income and expenses - net	711,731	819,509
	5,829,938	**8,824,266**

* It is represented in the increase in the cost of renting advertising sites during the previous financial years, as the group calculates the cost of renting its main advertising contracts based on the financial claims received from the leasing agency for the sites. The group obtained the settlement and the final claim on the rents due on it based on the actual advertising websites that were only received, which led to an increase in the amounts of due rents that were formed as a provision during the previous financial years, and accordingly the group reflected this increase in the item of other income.

** Represents a single payment from the rental contracts of the exhibitions and the group used the exception in accordance with the adjustment to the lease standard by registering it in the consolidated profits or losses statement

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12) ZAKAT PAYABLE

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

Parent company

- Zakat due from the parent company and its subsidiaries was calculated in accordance with the regulations issued by the General Authority for Zakat and Income in the Kingdom of Saudi Arabia.
- The parent company has ended its zakat position until the year ending on March 31, 2006.
- The parent company has submitted its zakat returns for the years ending on March 31, 2010 until 2020, to the General Authority for Zakat and Income, which is still under review with the Authority.
- The parent company received the zakat assessments from the General Authority for Zakat and Income for the years ending on March 31, 2015 until March 31, 2019, and the company also submitted an objection to the remaining amount of 2,510,965 riyals. The company's management believes that the outcome of this objection will not exceed the amount recorded in these consolidated financial statements.

Subsidiary company

- Some of the subsidiary companies received final zakat certificates for some years and registered zakat certificates for other years. Also the companies received inquiries from the authority about the years under review by the authority, which were answered by the relevant companies.
- Tihama Modern Bookstore Company has not submitted its zakat returns since its inception. Note that the management of the subsidiary has calculated annual zakat provisions. During the period the company received the zakat deposits by the General Authority for Zakat and Income for the years ended December 31, 2011 until December 31, 2019, and the company will object to those deposits, the total value of the differences based on the modified deposits for the restricted allocation of SR 3,445,562 and has not been allocated for it as the company's management believes that the allocation is sufficient.

The zakat due as of December 31, 2020 is as follows:

	31 December 2020 (Un-audited)	31 March 2020 (Audited) (Adjusted)
Zakat due	**24,324,618**	**21,713,874**

(Saudi Riyal)

13) SEGMENGT INFORMATION

The group operates in four main sectors, which include advertising and production, distribution, library and retail, public administration 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 December 31 and for the years ending on that date, which summarizes the above business sectors:

Segment results

	Advertisement and production	Distribution	Library and retail	public administration and investments	Total
31 December 2020					
Revenue	18,083,247	28,244,740	8,972,813	-	**55,300,800**
Cost of revenue	(20,750,670)	(18,628,730)	(5,255,770)	-	**(44,635,170)**
Gross profit	(2,667,423)	9,616,010	3,717,043	-	**10,665,630**
Selling and marketing expenses	(6,139,501)	(3,493,820)	(16,447,053)	-	**(26,080,374)**
General and administration	(2,222,978)	(902,841)	(2,573,853)	(8,916,831)	**(14,616,503)**
Financial charges	(1,883,688)	(147,090)	(1,375,717)	(724,620)	**(4,131,115)**
Share from investment in associate company	-	-	-	(2,573,369)	**(2,573,369)**
Capital increase expenses	-	-	-	(2,808,494)	**(2,808,494)**
Other revenues, net	558,171	628,046	4,176,886	466,835	**5,829,938**
Estimated zakat	(404)	(500,000)	(700,000)	(2,498,399)	**(3,698,803)**
Net loss before non-controlling interest	(12,355,823)	5,200,305	(13,202,694)	(17,054,878)	**(37,413,090)**
Non-controlling interest share	990,994	-	4,755,072	-	**5,746,066**
Net loss for the year attribute to shareholder in parent company	**(11,364,829)**	**5,200,305**	**(8,447,622)**	**(17,054,878)**	**(31,667,024)**

Segments assets and liabilities

	Advertisement and production	Distribution	Library and retail	public administration and investments	Total
Assets	48,115,176	33,203,866	62,530,620	123,845,419	**267,695,081**
Liabilities	55,224,927	10,552,339	48,568,700	50,204,303	**164,550,269**
Another segment information					
Depreciation property and equipment	2474,040	7,975	1,641,326	59,740	**4,183,081**
Depreciation right of use assets	5,946,714	-	6,694,310	58,965	**12,699,989**
Amortization intangible assets	-	-	-	79,409	**79,409**

(Saudi Riyal)

13) SEGMENGT INFORMATION (CONTINUED)

Segment results

	Advertisement and production	Distribution	Library and retail	public administration and investments	Total
31 December 2019 (Adjusted)					
Revenue	26,623,519	28,035,743	17,671,013	-	**72,330,275**
Cost of revenue	(17,956,515)	(19,178,583)	(10,115,569)	-	**(47,250,667)**
Gross profit	8,667,004	8,857,160	7,555,444	-	**25,079,608**
Selling and marketing expenses	(8,363,776)	(3,605,751)	(12,000,016)	-	**(23,969,543)**
General and administration	(34,901)	(2,341,075)	(3,783,461)	(10,699,853)	**(16,859,290)**
Financial charges	(1,966,154)	(17,233)	(931,910)	(412,360)	**(3,327,657)**
Share from investment in associate company	-	-	-	769,300	**769,300**
Capital increase expenses		-	-	(581,853)	**(581,853)**
Impairment loss of intangible assets	-	(2,461,044)			**(2,461,044)**
Other revenues, net	7,874,017	428,297	1,819,955	(1,298,006)	**8,824,263**
Estimated zakat	(88,231)	(380,638)	(750,376)	(282,087)	**(1,501,332)**
Net loss before non-controlling interest	6,087,959	479,716	(8,090,364)	(12,504,859)	**(14,027,548)**
Non-controlling interest share	(1,359,170)	-	2,481,601	-	**1,122,431**
Net loss for the year attribute to shareholder in parent company	**4,728,789**	**479,716**	**(5,608,763)**	**(12,504,859)**	**(12,905,117)**

Segments assets and liabilities	Advertisement and production	Distribution	Library and retail	public administration and investments	Total
Assets	59,956,240	24,734,064	75,676,277	55,365,061	**215,731,642**
Liability	56,999,373	14,490,884	59,997,226	38,599,725	**170,087,208**
Another segment transaction					
Depreciation property and equipment	2,478,579	13,127	903,458	51,054	**3,446,218**
Depreciation right of use assets	5,856,856	-	1,888,824	2,007,447	**9,753,127**
Amortization intangible assets	-	1,845,828	-	79,409	**1,925,237**

(Saudi Riyal)

14) CONTINGENT LIABILITY

The contingent liabilities and commitments existing on the group as at December 31 and March 31, 2020 comprise the following:

14/1- Statement of consolidated financial position

	31 December 2020 (Un-audited)	31 March 2020 (Audited) (Adjusted)
Letter of guarantee *	**16,437,996**	**8,105,470**

* Letter of guarantee insurance, as at December 31, 2020, amounting to 10,645,862 SR (in 31 March 2020, at an amount of 2,349,336 SR).

15) EARNING PER SHARE

In accordance with IAS 33 - Earnings per share, the underlying loss per share was calculated by dividing the net loss for the period of return of the parent company's ordinary shareholders on the weighted average number of ordinary shares held during the period, where the loss of the share was calculated for the period ended December 31, 2020 and the period ended December 31, 2019, by dividing the net loss for each period on the weighted average number of shares held during the period. The share loss figure for the same period of the previous year was adjusted as the Extraordinary General Assembly of Shareholders on July 15, 2020 approved an increase of the group's capital of SAR 100 million by issuing rights Issues shares, so the weighted average of the shares has changed, affecting the weighted average number of common shares that have existed since then.

	Three-months ending as at		Nine-months ending as at	
	31December 2020 (Un-audited)	31December 2019 (Audited) (Adjusted)	31December 2020 (Un-audited)	31 December 2019 (Audited) (Adjusted)
(Loss)/profit attribute to ordinary equity holders of the parent company	(14,617,155)	(14,710,512)	(31,667,024)	(12,905,117)
the weighted average number of ordinary shares outstanding during the year	17,500,000	12,307,122	13,609,091	12,307,122
Basic and diluted (Loss)/ earning per share	**(0,86)**	**(1,20)**	**(2,33)**	**(1,05)**

There were no potentially diluted shares outstanding at any time during the year, and accordingly (losses) / diluted earnings per share equal the basic earnings per share.

16) SIGNIFICANT EVENT

The spread of the new Corona virus (Covid 19) has affected the group's business, as the regulatory authorities took precautionary measures by closing the group's retail showrooms, in addition to that, the surrounding economic conditions led to a significant slowdown in the group's advertising sector business. The Group expects that its revenues from the retail stores and advertising sector will be affected during the financial year ending December 31, 2021. The impact could also extend to a lesser extent to distribution sector revenues.

The Group's management believes that the potential financial impact of business disruption cannot be estimated so far as reliably as at the date of approval of the consolidated financial statements.

16) SIGNIFICANT EVENT (CONTINUED)

The group's management has taken several measures to reduce the effects and risks of the impact of the emerging corona virus (Covid 19) pandemic, which included plans to reduce the general and administrative costs of the company and selling expenses, including reducing working hours for all group employees, in addition to the company's executive management taking the initiative to provide an additional reduction in their salaries and The company took advantage of the SANED initiative, whereby a number of Saudi employees were registered with the SANED government support program for a period of 6 months starting April 1st, 2020, and the rented office space was reduced.

The group also reduced the future financial projections for the group's revenues, and negotiations were entered into with the creditors and owners of the leased exhibitions to reduce the claims values or grant the group compensation periods for the closing period.

Subsequent to the date of the consolidated financial position, some retail showrooms of the Group's subsidiaries were partially reopened.

It is worth mentioning that in accordance with the royal decision to allow companies to return to their activities from Wednesday, Ramadan 6, 1441 H, 29 April 2020, the group returned to work and some retail showrooms were opened.

The company followed the protocols of precautionary measures for the wave of the Covid-19 coronavirus pandemic issued by the Government of Saudi Arabia and the United Arab Emirates.
Accordingly, all stores were closed as of the last two weeks of March 2020, in compliance with government guidelines for the business activities in which the group operates.
A number of branches were opened from late April 2020, to operate limited hours after the review of curfew regulations stores were closed again for 5 days during the first phase of precautionary measures, in accordance with the 24-hour curfew guidelines.

During the second phase, the branches were reopened, and the company's café opened in Riyadh during the permitted hours of roaming.

From June 21, 2020, the store's opening hours were extended until the full opening.

16/1- Covid-19 effect on financial statements for the period ended December 31, 2020:

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, in addition to which the economic conditions led to a significant slowdown in the group's advertising business, which had some negative impact on the company's business and led to a significant decline in revenues, the Group expects that its revenues from retail and advertising sector will be affected during the fiscal year ended March 31, 2021. The impact can also be less extended to the revenues of the distribution sector.
Since the beginning of the crisis, the Group's management has been constantly monitoring the developments and taking the necessary measures and measures to address this crisis and reducing its impact on the company and its business, including state support to companies to cope with these impacts. Initial standardized acronym.

- Decrease in value 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 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 3,674,158. The impact of this reduction was recorded in the consolidated profit or loss statement.

16) SIGNIFICANT EVENT (CONTINUED)

- Projected credit losses and decrease in value of financial assets

The Group has conducted the study on the credit status of all customers and has applied 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 we are looking at an increase in the allocation of expected credit losses of SAR 2,190,203.

- 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 and since the majority of the company's inventory consists of books, stationery, educational products, entertainment products, accessories and other items did not affect the closing period of the stores on the economic age of the stores, so no additional custom was formed during the period.

- Possible liabilities and obligations

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 potential liabilities, and no problems were noted.

- Going concern

The Group has assessed its viability as a continuing facility under current economic conditions and all available information about future risks and uncertainties. Although the expected impact of the Corona pandemic is set, expectations are prepared that the company has sufficient resources to continue its operations and as a result has not been significantly affected by its position on the principle of continuity since 2020. These consolidated interim financial statements have been prepared in accordance with going concern basis.

The Group's management continues to monitor the situation closely in light of the changes in the duration and volume of precautionary measures, and therefore the potential effects on the consolidated financial statements are assessed.

16/2- Capital increase

On July 15, 2020, the Extraordinary General Assembly of Shareholders approved an increase in the group's 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 valued at 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 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.

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17) COMPARATIVE FIGURES

The comparative figures were adjusted by Tihama Distribution's financial statements in the fourth quarter instead of the financial statements for the third quarter of the previous year (note 3/1/6). Some comparative numbers were re-tab to match the view for the current period.

17/1- Adjustments to the comparative financial position as of March 31, 2020 as a result of the adjustment of the comparative figures to the financial statements of Tihama Distribution Company

	31 March 2020 (Audited)		31 March 2020 (Audited)
	Before adjustment	Adjustment	Adjusted
Property and equipment, net	22,393,899	4,659	22,398,558
Inventory, net	52,746,426	(177,744)	52,568,682
Account receivable and other debit balances	24,581,529	(1,872,074)	22,709,455
Accumulated losses	(37,590,169)	(1,776,393)	(39,366,562)
Long-term loans	4,461,982	2,643	4,464,625
Employees' defined benefits liabilities	5,619,696	32,738	5,652,434
Accounts payable and other credit balances	75,665,799	(122,056)	75,543,743
Current portion of long term loans	13,610,617	369	13,610,986
Zakat payable	21,896,334	(182,460)	21,713,874

17/2- Adjustments to the comparative statement of profits and losses for the nine-month period ended December 31, 2019 as a result of adjusting the comparative figures with Tihama distribution company's financial statements

	Nine-months period ending at 31 December 2019 (Un-audited)		Nine-months period ending at 31 December 2019 (Un-audited)
	Before adjustment	Adjustment	Adjusted
Revenues	71,180,228	1,150,047	72,330,275
Cost of revenues	(46,319,175)	(931,502)	(47,250,677)
Selling and marketing expenses	(24,097,501)	127,958	(23,969,543)
General and administration	(16,136,294)	(722,996)	(16,859,290)
Financial charges	(3,310,426)	(17,231)	(3,327,657)
Impairment of intangible assets	-	(2,461,044)	(2,461,044)
Capital increase expenses	-	(581,853)	(581,853)
Other revenue and expenses, net	8,439,804	384,459	8,824,263
Estimated zakat	(1,343,722)	(157,600)	(1,501,322)
Net loss of the period	(10,817,786)	(3,209,762)	(14,027,548)

17/3- Adjustments to the comparative financial position as of March 31, 2020 as a result of adjusting the employees' defined benefits provision

	31 March 2020 (Audited)		31 March 2020 (Audited)
	Before adjustment	Adjustment	Adjusted
Accumulated losses	(39,366,562)	102,758	(39,263,804)
Employees' defined benefits provision	-	(102,758)	(102,758)

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 President of the Board to appoint a representative of the company in the filing of the lawsuit. It is not a subject that includes not accepting the invitation, because the issue should be separated for separate cases, which is purely formal and not objective, since the right of the company to claim still exists, and the separate cases have been established as requested by the court for the same topics before and the judicial hearing of the new cases has not been held until the date of the adoption of the interim consolidated financial statements, The electronic pleading of the case was completed and a hearing was scheduled for 5/7/1442 H and the case was not decided during the hearing.

19- SUBSEQUENT EVENTS

Subsequent to the date of the financial position, the parent company signed an agreement to acquire additional shares representing 35% of the capital of its subsidiary (Integrated Production Company for Visual and Audio Media Production) with an estimated value of SAR 7,250,000.

This will result in an increase in the ownership of Tihama Advertising, Public Relations and Marketing Company in the integrated production company for visual and audio media production to 70% and work is under way on the completion of the relevant official procedures.

20) APPROVAL ON CONSOLIDATED FINANCIAL STATMENTS

The consolidated financial statements for the year ended 31 December 2020 were approved by the Board of Directors on 26 Jamadah Al Akhirah 1442 H (corresponding to February 08, 2021).