SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A Saudi Closed Joint Stock Company)
Consolidated Financial Statements
For the year ended 31 December 2020
together with the
Independent auditor's report

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A Saudi Closed Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Headquarter

Commercial Registration No 1010425494

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent Auditor's Report

To the Shareholder of Saudi Stock Exchange Company

Opinion

We have audited the consolidated financial statements of Saudi Stock Exchange Company ("Tadawul" or "the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements Section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, Group's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, the Board of Directors is responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report

To the Shareholder of Saudi Stock Exchange Company (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Saudi Stock Exchange Company ("Tadawul" or "the Company") and its subsidiaries ("the Group").

KPMG Professional Services

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Lic No. 46 ترخيص رقم ٤٦
C.R. 1010425494 س.ت: ١٠١٠٤٢٥٤٩٤
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KPMG
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Khalil Ibrahim Al Sedais
License No: 371

Riyadh, 17 Shaban 1442H
Corresponding to: 30 March 2021

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020
(Saudi Arabian Riyals)

	Notes	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Property and equipment	4	**21,381,712**	13,693,404
Intangible assets	5	**179,552,282**	176,516,175
Equity-accounted investee	6	**378,895,293**	40,996,978
Investments	7	**101,267,886**	231,554,876
Right of use assets	8	**19,856,726**	11,271,347
Total non-current assets		**700,953,899**	474,032,780
Current assets			
Investments	7	**3,103,518,964**	2,660,288,572
Accounts receivable	9	**57,364,818**	41,179,879
Prepaid expenses and other current assets	10	**102,271,835**	102,841,000
Deposits with Saudi Central Bank ("SAMA")	11	**32,177,558**	--
Cash and cash equivalents	12	**96,798,376**	268,487,867
Total current assets		**3,392,131,551**	3,072,797,318
Total assets		**4,093,085,450**	3,546,830,098
EQUITY AND LIABILITIES			
Equity			
Share capital	1	**1,200,000,000**	1,200,000,000
Statutory reserve	13	**376,963,633**	326,911,746
General reserve	14	**1,114,180,214**	1,114,180,214
Retained earnings		**943,478,532**	618,313,284
Total equity		**3,634,622,379**	3,259,405,244
Non-current liabilities			
Employees' end-of-service benefits liability	15	**91,024,046**	77,294,401
Lease liability	16	**4,658,348**	--
Total non-current liabilities		**95,682,394**	77,294,401
Current liabilities			
Margin deposits from clearing participants	17	**19,030,340**	--
Members' contribution to clearing house funds	18	**3,147,217**	--
Lease liability	16	**9,128,643**	4,263,087
Accounts payable	19	**95,314,671**	105,383,866
Balance due to Capital Market Authority		**32,758,785**	22,330,201
Deferred revenue		**3,223,464**	3,134,967
Accrued expenses and other current liabilities	20	**116,616,283**	75,018,332
Zakat payable	21	**83,561,274**	--
Total current liabilities		**362,780,677**	210,130,453
Total liabilities		**458,463,071**	287,424,854
Total equity and liabilities		**4,093,085,450**	3,546,830,098

The accompanying notes from (1) through (34) form an integral part of these consolidated financial statements.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020
(Saudi Arabian Riyals)

	Notes	For the year ended 31 December 2020	2019
Operating revenue	22	**1,079,635,090**	564,747,899
Operating costs	23	**(356,484,493)**	(326,128,116)
Gross profit		**723,150,597**	238,619,783
General and administrative expenses	24	**(180,244,860)**	(196,960,609)
Operating profit		**542,905,737**	41,659,174
Investment income	25	**38,797,145**	94,343,939
Share of loss in equity-accounted investee	6	**(2,101,685)**	(1,610,095)
Other income		**4,478,947**	18,900,768
Non-operating profit		**41,174,407**	111,634,612
Profit for the year		**584,080,144**	153,293,786
Zakat expense	21	**(83,561,274)**	--
Net profit for the year		**500,518,870**	153,293,786
Other comprehensive income:			
Item that will not be reclassified to the consolidated statement of profit or loss			
Re-measurement of employees' end-of-service benefits liability	15	**(5,301,735)**	(8,547,741)
Other comprehensive loss for the year		**(5,301,735)**	(8,547,741)
Total comprehensive income for the year		**495,217,135**	144,746,045
Basic and diluted earnings per share	26	**4.17**	1.28

The accompanying notes from (1) through (34) form an integral part of these consolidated financial statements.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020
(Saudi Arabian Riyals)

	Share capital	Statutory reserve	General reserve	Retained earnings	Total equity
Balance as at 1 January 2020	**1,200,000,000**	**326,911,746**	**1,114,180,214**	**618,313,284**	**3,259,405,244**
Profit for the year	--	--	--	**500,518,870**	**500,518,870**
Other comprehensive loss for the year	--	--	--	**(5,301,735)**	**(5,301,735)**
Dividends (Note 33)	--	--	--	**(120,000,000)**	**(120,000,000)**
Transfer to statutory reserve	--	**50,051,887**	--	**(50,051,887)**	--
Balance as at 31 December 2020	**1,200,000,000**	**376,963,633**	**1,114,180,214**	**943,478,532**	**3,634,622,379**
Balance as at 1 January 2019 (Audited)	1,200,000,000	311,582,367	1,114,180,214	608,896,618	3,234,659,199
Profit for the year	--	--	--	153,293,786	153,293,786
Other comprehensive loss for the year	--	--	--	(8,547,741)	(8,547,741)
Dividends (Note 33)	--	--	--	(120,000,000)	(120,000,000)
Transfer to statutory reserve	--	15,329,379	--	(15,329,379)	--
Balance as at 31 December 2019	1,200,000,000	326,911,746	1,114,180,214	618,313,284	3,259,405,244

The accompanying notes from (1) through (34) form an integral part of these consolidated financial statements.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year end 31 December 2020
(Saudi Arabian Riyals)

	Notes	For the year ended 31 December 2020	2019
Cash flows from operating activities			
Profit before zakat		**584,080,144**	153,293,786
Adjustments to reconcile net profit for the period to net cash generated from operating activities:			
Depreciation and amortization	*23, 24*	**48,213,576**	51,272,542
Charge for credit losses on accounts receivable	*9*	**19,735,859**	148,494
Reversal for impairment on investments held at amortized cost	*7*	**(1,076,063)**	(342,923)
Provision for employees' end-of-service benefits	*15*	**11,300,262**	10,966,445
Realised gain on sale of investments	*25*	**(15,751,508)**	(5,425,998)
Unrealised gain on investments	*25*	**(8,817,609)**	(50,234,343)
Share of loss in equity-accounted investee	*6*	**2,101,685**	1,610,095
Interest expense on lease liability		**253,057**	149,208
Reversal of provision for specific obligation		**--**	(17,430,875)
Changes in operating assets and liabilities:			
Deposits with Saudi Arabian Monitory Authority		**(32,177,558)**	--
Accounts receivable		**(35,920,798)**	(2,734,030)
Prepaid expenses and other current assets		**569,165**	(70,881,119)
Margin deposits from clearing participants		**19,030,340**	--
Members' contribution to clearing house funds		**3,147,217**	--
Accounts payable		**(10,069,195)**	18,115,824
Balance due to Capital Market Authority		**10,428,584**	(34,330,800)
Deferred revenue		**88,497**	(1,598,140)
Accrued expenses and other current liabilities		**41,597,951**	15,881,400
Cash generated from operations		**636,733,606**	68,459,566
Employees' end-of-service benefits paid	*15*	**(2,872,352)**	(14,279,612)
Net cash generated from operating activities		**633,861,254**	54,179,954
Cash flows from investing activities			
Purchase of investments		**(2,558,201,111)**	(1,219,357,541)
Additional investment in equity-accounted investee		**(210,000,000)**	--
Proceeds from disposal of investments		**2,065,902,889**	1,306,182,897
Proceeds from maturity of sukuk		**75,000,000**	--
Purchase of intangible assets and property and equipment		**(45,676,373)**	(94,111,745)
Net cash used in investing activities		**(672,974,595)**	(7,286,389)
Cash flows from financing activities			
Dividends paid	*33*	**(120,000,000)**	(120,000,000)
Lease rentals paid		**(12,576,150)**	(21,584,616)
Net cash used in financing activities		**(132,576,150)**	(141,584,616)
Net increase / (decrease) in cash and cash equivalents		**(171,689,491)**	(94,691,051)
Cash and cash equivalents at the beginning of the period		**268,487,867**	363,178,918
Cash and cash equivalents at end of the period	*12*	**96,798,376**	268,487,867
Non-cash supplemental information			
Conversion of sukuk investment to equity-accounted investee	*6*	**130,000,000**	--
Dividend income capitalized		**11,367,239**	12,782,200

The accompanying notes from (1) through (34) form an integral part of these consolidated financial statements.

1. GENERAL

Saudi Stock Exchange Company (Tadawul" or the "Company") is a Saudi closed joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration number 1010241733 dated 2/12/1428 H (corresponding to 12 December 2007). The Company was established by the Royal Decree no. M/15 dated 01/03/1428 H (corresponding to 20 March 2007) and the Minister of Commerce and Industry resolution no. 320/k dated 1/12/1428 H (corresponding to 11 December 2007). As at 31 December 2020, the authorized, issued and fully paid-up share capital of the Company is SR 1,200 million (31 December 2019: SR 1,200 million) divided into 120 million shares (31 December 2019: 120 million shares) of SR 10 each and is fully subscribed by the Public Investment Fund ("PIF").

The Company's main activity is to provide, create and manage the mechanisms of trading of securities, providing depository and registration of securities ownership, dissemination of securities information and engage in any related other activity to achieve the objectives as defined in the Capital Market Law.

These consolidated financial statements comprise the financial statements of Tadawul and its subsidiaries (collectively referred to as "the Group").

The Company's registered address is as follows:

6897 King Fahd Road - Al Olaya
Unit Number: 15
Riyadh 12211-3388
Kingdom of Saudi Arabia

Subsidiaries

Securities Depository Centre Company ("Edaa")
Capital Market Authority ("CMA") Board approved the formation of Securities Depository Centre Company ("Edaa") as a new Saudi joint stock company in the Kingdom of Saudi Arabia in accordance with the Capital Market Law issued by the Royal Decree no. M/30 dated 06/02/1424 H (corresponding to 22 March 2003). Edaa was registered as a Saudi joint stock company in Riyadh under Commercial Registration no. 1010463866 dated 11/27/1437 H (corresponding to 30 August 2016) with an authorized share capital of SR 400 million divided into 40 million shares of SR 10 each.

As at 31 December 2020 and 31 December 2019, the Company held 100 percent of the issued share capital of Edaa. The main objective of Edaa is to provide depository and registration of securities ownership and clearing services of securities.

Securities Clearing Center Company ("Muqassa")
The Company's Board of Directors in their meeting dated 30 October 2017 under a decision number 03-04-2017/04-04-2017 approved the formation of a new company, Securities Clearing Center Company ("Muqassa"). Muqassa was registered as a closed joint stock company in Riyadh under Commercial Registration number 1010935131 dated 02/06/1439 (corresponding to 18 February 2018) with an authorized share capital of SAR 600 million divided into 60 million shares of SR 10 each.

As at 31 December 2020 and 31 December 2019, the Company held 100 percent of the issued share capital of Muqassa. The main objective of Muqassa is to provide, create and manage the mechanisms of trading of securities, providing settlement and clearing services of securities and engage in any other related activity to achieve the objectives as defined in the Capital Market Law.

1. GENERAL (CONTINUED)

Subsidiaries (continued)

Tadawul Advance Solution Company ("TASC")
The Company's Board of Directors in their meeting dated 19/04/2020 under a decision number 02-02-2020 approved the formation of a new company, Tadawul Advance Solutions Company ("TASC"). TASC was registered as a closed joint stock company in Riyadh under Commercial Registration number 1010656577 dated 11/02/1442 (corresponding to 28/09/2020) with an authorized share capital of SAR 300 million divided into 30 million shares of SR 10 each.

As at 31 December 2020, the Company held 100 percent of the issued shares capital of TASC. The main objective of TASC is to provide financial technology solutions, research and development in the field of engineering and technology, market research and opinion polls.

Significant event

The COVID-19 pandemic continues to disrupt global markets as many geographies are experiencing a "second wave" of infections despite having previously controlled the outbreak through aggressive precautionary measures such as imposing restrictions on travel, lockdowns and strict social distancing rules. The Government of Kingdom of Saudi Arabia ("the Government") however has managed to successfully control the outbreak to date, owing primarily to the unprecedented yet effective measures taken by the Government.

Recently, number of COVID-19 vaccines have been developed and approved for mass distribution by various governments around the world. The Government has also approved vaccines which have begun to roll out and will be available to the masses in general during 2021.

These events have impacted the businesses and economies. The management of the Group is continuously monitoring the situation and its impact on the Group's operation, cash flows and financial position. Management believes, based on their assessment, that the Group has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future as and when they become due.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA") and in compliance with the provisions of the Regulations for Companies in the Kingdom of Saudi Arabia and the By-laws of the Group.

The new Regulation for Companies issued through Royal Decree M/3 on 11 November 2015 (hereinafter referred as "the Law") came into force on 25/07/1437H (corresponding to 2 May 2016). The Company has amended its By-laws for any changes to align those with provisions of the Law. Consequently, the Company presented its amended By-laws to stockholders in their Extraordinary General Assembly meeting for their ratification on 2 January 2020 and Extraordinary General Assembly approved it.

2.2 Basis of measurement

These consolidated financial statements have been prepared on historical cost basis, except for financial assets measured at fair value through profit and loss and employees' end-of-service benefits which is measured using actuarial techniques, using the accrual basis of accounting and the going concern concept.

2. BASIS OF PREPARATION (CONTINUED)

2.3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals ("SAR"), which is the functional and presentational currency of the Group. All amounts have been rounded to the nearest SAR.

2.4 Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with the International Financial Reporting Standards ("IFRS") requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about material assumptions and estimation uncertainties are as follows:

	Notes
- Useful lives of property and equipment	3.5
- Useful lives of intangible assets	3.6
- Allowance for credit loss on investments at amortized cost	3.4
- Allowance for credit losses on accounts receivable	3.4
- Valuation of the employees' end-of-service benefits liability	3.11

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below.

3.1 New accounting policies adopted during the year

Deposits with the Saudi Central Bank ("SAMA")

Cash received from the clearing members to cover initial and variation margins and default fund contributions are deposited with the Saudi Central Bank ("SAMA"). Moreover, the Group has also made an initial deposit as required by the Capital Markey Authority ("CMA").

Margin deposits from clearing members

The Group receives margin deposits from its clearing members as collateral in connection with the outstanding derivative contracts between the Group and its members. The obligation to refund the margin deposits is recognized and presented as margin deposits from clearing participants under current liabilities. Liabilities held in this category are initially recognised at fair value and subsequently re-measured at amortised cost using the effective interest rate method.

Members' contributions to clearing house funds

This represents a prefunded default arrangement that is composed of assets contributed by the Group's participants that may be used by the Group in certain circumstances to cover losses or liquidity pressures resulting from participant defaults. These balances are included under current liabilities. Liabilities held in this category are initially recognized at fair value and subsequently remeasured at amortized cost using the effective interest rate method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Changes in accounting policies

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the preparation of the annual audited consolidated financial statements for the year ended 31 December 2019. Based on the adoption of these amendments and in consideration of current economic environment, the following accounting policies are applicable effective 1 January 2020 replacing, amending or adding to the corresponding accounting policies set out in 2019 annual audited consolidated financial statements.

Amendments and interpretations adopted in preparation of these consolidated financial statements

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2020. The management has assessed that the amendments have no significant impact on the Group's financial statements.

- Amendments to IFRS 3: Definition of a Business;
- Amendments to IAS 1 and IAS 8: Definition of Material;
- Amendments to References to the Conceptual Framework in IFRS Standards; and
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform – Phase 1

New standards and amendments issued but not yet effective and not early adopted

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Group's accounting year beginning on or after 1 January 2021 are listed below. The Group has opted not to early adopt these pronouncements and do not expect these to have significant impact on the consolidated financial statements.

- COVID-19 – Related Rent Concessions (Amendments to IFRS 16);
- IFRS 17 – Insurance contracts, applicable for the period beginning on or after 1 January 2023;
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current, applicable for the period beginning on or after 1 January 2022;
- Onerous contracts – Cost of Fulfilling a contract (Amendments to IAS 37);
- Interest Rate Benchmark Reform – Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16); and
- Reference to Conceptual Framework (Amendments to IFRS 3)

The management of the Group anticipates that the application of these new standards and amendments in the future will not have significant impact on the amounts reported.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Basis of consolidation

These consolidated financial statements comprise the financial statements of Tadawul and its subsidiaries (collectively referred to as "the Group"). Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In assessing control, potential voting rights that presently are excisable are taken into account. The financial statements of subsidiaries are included in the IFRS consolidated financial statements from the date that control commences until the date control ceases.

All transactions and resulting balances between the Company and the subsidiaries are eliminated in preparing these consolidated financial statements. Any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

3.4 Financial instruments

i. Classification and measurement of financial assets

The classification and measurement of financial assets is set out below:

Under IFRS 9, upon initial recognition, a financial asset is classified as measured at:
- amortised cost;
- fair value through other comprehensive income (FVOCI) – debt investment;
- FVOCI – equity investment; or
- FVTPL.

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial assets at amortized cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL
Financial assets at fair value through profit or loss comprise of investments in equity securities that do not qualify for measurement at either amortized cost or at FVOCI.

Financial instruments held at FVTPL are initially recognized at fair value, with transaction cost recognized in the statement of profit or loss as incurred. Subsequently, they are measured at fair value and any gains and losses are recognized in the statement of profit or loss as they arise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the consolidated statement of profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in the consolidated statement of profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

ii. Classification and measurement of financial liabilities

Financial liabilities are measured at amortized cost, unless they are required to be measured at fair value through profit or loss or the Group has opted to measure a liability at fair value through profit or loss.

iii. Derecognition

Financial assets

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

Financial liabilities

A financial liability is derecognized when its contractual obligations are discharged or cancelled or expired.

iv. Offsetting

Financial assets and liabilities are offset and reported net in the statement of financial position when there is a currently legally enforceable right to set off the recognised amounts and when the Group intends to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are not being offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

v. Impairment of financial assets

IFRS 9 uses 'expected credit loss' (ECL) model to assess the impairment of financial assets. The impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

Expected credit loss shall be measured and provided either at an amount equal to (a) 12 month expected losses; or (b) lifetime expected losses. If the credit risk of the financial instrument has not increased significantly since inception, then an amount equal to 12 month expected loss is provided. In other cases, lifetime credit losses shall be provided. For trade receivables with a significant financing component a simplified approach is available, whereby an assessment of increase in credit risk need not be performed at each reporting date. Instead, the Group can choose to provide for the expected losses based on lifetime expected losses. The Group has chosen to avail the option of lifetime expected credit losses ("ECL"). For trade receivables with no significant financing component, the Group is required to follow lifetime ECL.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to accounts receivables and investments at amortized cost are presented in the consolidated statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property and equipment

Property and equipment except land are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Land is measured at its cost.

Cost includes expenditure that are directly attributable to the acquisition of the asset including the cost of purchase and any other costs directly attributable to bringing the assets to a working condition for their intended use. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the year the asset is derecognized.

The cost of replacing part of an item of operating fixed assets is recognized in the carrying amount of the item if it is probable the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of operating fixed assets are recognized in the statement of profit or loss as incurred.

Depreciation
Depreciation is calculated over depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment. Depreciation of an asset begins when it is available for use.

The estimated useful lives for current and comparative periods of different items of property and equipment are as follows:

	Estimated useful lives (years)
Building	30
Furniture and fixtures	10
Computers	4
Office equipment	6
Vehicles	4

Depreciation methods, useful lives, impairment indicators and residual values are reviewed at each annual reporting date and adjusted, if appropriate.

3.6 Intangible assets

These represent software held for use in the normal course of the business and are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged to the statement of profit or loss over an estimated useful life of the software using the straight-line method. The estimated useful life of software is 6 years.
Work in progress is stated at cost until the development of software are complete and installed. The software are developed by third parties to Group's specification. Upon the completion and installation, the cost together with cost directly attributable to development and installation are transferred to the intangibles. No amortization is charged on work in progress.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the group of CGUs that is expected to benefit from the synergies of the combination.

This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss (except against goodwill) is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.8 Investments in investment in equity-accounted investees

An associate is an entity over which the Group has significant influence, but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has a corresponding obligation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Investments in investment in equity-accounted investees (continued)

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss in the consolidated statement of profit and loss.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks in current accounts and other short-term liquid investments with original maturities of three months or less, if any, which are available to the Group without any restrictions.

3.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost in the statement of profit or loss.

3.11 Employees' end-of-service benefits liability

Employees' end-of-service benefits are payable to all employees employed under the terms and conditions of the labor laws applicable to the Group.

The Group's net obligation in respect of employees' end-of-service benefits is calculated by estimating the amount of future benefits that employees have earned in the current and prior periods. That benefit is discounted to determine its present value.

Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income, in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Group recognises the following changes in the defined benefits obligation under 'operating cost' and 'general and administrative expenses' in the profit and loss account:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Interest expense.

The calculation of defined benefits obligation is performed annually by a qualified actuary using the projected unit credit method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Revenue recognition

The Group recognises revenue under IFRS 15 using the following five steps model:

Step 1: Identify the contract with customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price	The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price	For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue	The Group recognises revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

The trading commission revenue is recognized at the trade date to which the transaction pertains when the obligation to provide trade services has been fulfilled. Part of total commissions and services provided by the Group are deducted in favor of CMA.

The Group charges a listing fee service, which represents initial subscription fees of the listed companies in addition to the annual renewal fees.

Listing fee is collected semi-annually and is recorded as unearned revenues (deferred revenue) and is subsequently recognized in the consolidated statement of profit or loss on a straight line basis over the period to which the fee relates, as it reflects the extent of the Group's progress towards completion of the performance obligation under the contract.

Securities depository services includes multiple revenue streams which pertains to Edaa. Most significant component of this revenue stream relates to registry services. Registry fee is collected annually at the start of the year and is recorded as unearned revenue (deferred income) and is subsequently recognized in the consolidated statement of profit or loss on a straight line basis over the period to which the fee relates, as it reflects the extent of the Group's progress towards completion of the performance obligation under the contract.

Dividend income
Dividend income is recognized when the right to receive is established.

Special commission income
Special commission income is recognised in the statement of profit or loss on an effective yield basis.

3.12 Expenses

General and administrative expenses are those arising from the Group's efforts underlying the marketing, consultancy and maintenance functions. Allocations of common expenses between operating costs and general and administrative expenses, when required, are made on a consistent basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of FVOCI instruments, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.14 Zakat

Based on Royal Decree 35657 issued on 29/6/1442H, the Group is subject to Zakat in accordance with the Zakat regulation issued by the General Authority for Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia effective 1 January 2020. Zakat is recognized in profit or loss. Zakat is levied at a fixed rate of 2.5% of the zakat base as defined in the Zakat regulations.

Additional zakat calculated by GAZT, if any, related to prior years is recognized in the year in which final declaration is issued.

3.15 Contingent liabilities

All possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly with the control of the Group; or all present obligations arising from past events but not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability; all should be assessed at reporting date and disclosed in the Group's consolidated financial statements under contingent liabilities.

3.16 Fair value measurement

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 —Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 —Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 —Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, management of the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.17 Right-of-Use assets and lease liabilities

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of identified asset for a period of time in exchange for consideration.

As a lessee:

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred at and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Right-of-Use assets and lease liabilities (continued)

Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable; - variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items relating to office equipment.

As a lessor:
The Group does not have any contracts in capacity of lessor.

3.18 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is classified as current when:
- expected to be realised or intended to sell or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current

4. PROPERTY AND EQUIPMENT

	Land	Building	Furniture and fixtures	Computers	Office equipment	Vehicles	Total
Cost:							
Balance as at 1 January 2019	2,310,985	618,248	20,261,233	104,942,555	17,911,192	1,656,350	147,700,563
Additions	--	--	1,750,929	531,485	870,772	--	3,153,186
Balance as at 31 December 2019	**2,310,985**	**618,248**	**22,012,162**	**105,474,040**	**18,781,964**	**1,656,350**	**150,853,749**
Balance as at 1 January 2020	2,310,985	618,248	22,012,162	105,474,040	18,781,964	1,656,350	150,853,749
Additions	--	141,755	35,085	12,455,164	325,042	--	12,957,046
Disposals	--	--	--	(153,594)	--	--	(153,594)
Balance as at 31 December 2020	**2,310,985**	**760,003**	**22,047,247**	**117,775,610**	**19,107,006**	**1,656,350**	**163,657,201**
Accumulated depreciation:							
Balance as at 1 January 2019	--	68,694	15,741,114	95,989,261	16,181,183	1,399,246	129,379,498
Charge for the year	--	20,608	668,652	6,246,723	711,364	133,500	7,780,847
Balance as at 31 December 2019	**--**	**89,302**	**16,409,766**	**102,235,984**	**16,892,547**	**1,532,746**	**137,160,345**
Balance as at 1 January 2020	--	89,302	16,409,766	102,235,984	16,892,547	1,532,746	137,160,345
Charge for the year	--	20,608	610,572	3,958,461	555,493	123,604	5,268,738
Disposals	--	--	--	(153,594)	--	--	(153,594)
Balance as at 31 December 2020	**--**	**109,910**	**17,020,338**	**106,040,851**	**17,448,040**	**1,656,350**	**142,275,489**
Net book value:							
As at 31 December 2020	**2,310,985**	**650,093**	**5,026,909**	**11,734,759**	**1,658,966**	**--**	**21,381,712**
As at 31 December 2019	2,310,985	528,946	5,602,396	3,238,056	1,889,417	123,604	13,693,404

Property and equipment include work in progress amounting to SR 2 million (2019: 1.6 million). Work in progress is not depreciated until the asset is placed in service.

5. INTANGIBLE ASSETS

	For the year ended 31 December	
	2020	2019
Cost:		
Balance at beginning of the year	**396,690,327**	305,731,768
Additions	**32,719,327**	90,958,559
Disposals/write-off	--	--
Balance at end of the year	**429,409,654**	396,690,327
Accumulated amortization:		
Balance at beginning of the year	**220,174,152**	191,109,604
Charge for the year	**29,683,220**	29,064,548
Disposals/write-off	--	--
Balance at end of the year	**249,857,372**	220,174,152
Net book value as at 31 December	**179,552,282**	176,516,175

Intangible assets include work in progress amounting to SR 98.7 million (2019: 103.7 million). Work in progress is not amortized until the asset is placed in service.

6. EQUITY-ACCOUNTED INVESTEE

This represents the Group's share of investment in Tadawul Real Estate Company ("the Associate"), a company incorporated in the Kingdom of Saudi Arabia, where the Company has significant influence through voting rights. As at 31 December 2020, the Group owns 33.12% (31 December 2019: 20%) share capital of the Associate. The main activity of the associate is to develop a commercial office tower in King Abdullah Financial District, Riyadh, where the Group expects to be headquartered.

The movement of investment in the Associate is as follows:

	For the year ended 31 December	
	2020	2019
Balance at beginning of the year	**40,996,978**	42,607,073
Additional investment during the year	**340,000,000**	--
Share of loss for the year	**(2,101,685)**	(1,610,095)
Balance at end of the year	**378,895,293**	40,996,978

The following table summarizes the financial information of the Associate as included in the audited financial statements as of 31 December 2020 and 31 December 2019:

	31 December 2020	31 December 2019
Summarized statement of financial position		
Total current assets	**298,827,419**	230,738,931
Total non-current assets	**1,925,466,589**	1,258,086,427
Total current liabilities	**969,825,327**	458,032,604
Total non-current liabilities	**47,354,400**	674,805,324
Net assets (100%)	**1,207,114,281**	355,987,430

	31 December 2020	31 December 2019
Summarized statement of comprehensive income		
Total comprehensive loss for the year	**8,873,149**	6,244,803

6. EQUITY-ACCOUNTED INVESTEE (CONTINUED)

The Group has recognized its share of loss for the year ended 31 December 2020, based on the 2020 audited financial statements of the Associate. The financial restructuring of the Associate was completed during the year 2020. The restructuring involved conversion of investment of the Group in the Associate in the form of sukuk amounting to SR 130 million (note 7) to equity investment. Furthermore, the Company made additional equity investment amounting to SR 210 million to the Associate. These transactions were approved by the Group's Board of Directors on 19 April 2020. This restructuring has not resulted to the Group to gain control over the Associate.

7. INVESTMENTS

Investment securities portfolios are summarized as follows:

	Notes	**31 December 2020**	31 December 2019
Non-current			
Investments at amortized cost	*7.1*	**101,267,886**	231,554,876
		101,267,886	231,554,876
Current			
Investments at amortized cost	*7.3*	--	75,000,000
Investments at FVTPL	*7.4*	**3,103,518,964**	2,585,288,572
		3,103,518,964	2,660,288,572

7.1 Investments at amortized cost – non-current

This represents investment in Sukuk issued by counter parties operating in Kingdom of Saudi Arabia having sound credit ratings. These Sukuks carry an average commission rate of 2.50% per annum during 2020 (2019: 2.7%). The details of these investments are as follow:

Description	**31 December 2020**	31 December 2019
General Authority of Civil Aviation	**100,000,000**	100,000,000
Tadawul Real Estate Company (Note 7.1.1)	--	130,000,000
Accrued income	**1,311,751**	2,674,804
Impairment loss on investments at amortized cost (Note 7.2)	**(43,865)**	(1,119,928)
	101,267,886	231,554,876

7.1.1 Tadawul Real Estate Company sukuk which was held by the Group previously was converted to equity investment during the year ended 31 December 2020 (refer to note 6).

7.2 The movement of the expected credit losses on investment held at amortized cost is summarized as follows:

	31 December 2020	31 December 2019
Balance at the beginning of the year	**1,119,928**	1,462,752
Reversal for the year	**(1,076,063)**	(342,923)
Balance at the end of the year	**43,865**	1,119,928

7.3 Investments at amortized cost – current

Description	**31 December 2020**	31 December 2019
Savola Group Company Sukuk	-	75,000,000
Total	-	75,000,000

7. INVESTMENTS (CONTINUED)

7.4 Investments at fair value through profit or loss ("FVTPL"):

This represents investment in units of mutual funds, which are governed by the regulation issued by CMA. The cost and fair value of investments held at FVTPL are as follows:

	31 December 2020		31 December 2019	
	Cost	**Fair value**	Cost	Fair value
Money market funds	**3,017,198,517**	**3,074,346,514**	2,458,092,921	2,548,344,972
Real estate funds	**40,000,000**	**29,172,450**	40,000,000	36,943,600
Total	**3,057,198,517**	**3,103,518,964**	2,498,092,921	2,585,288,572

8. RIGHT OF USE ASSETS

	31 December 2020	31 December 2019
Balance at beginning of the year	**11,271,347**	25,698,494
Additions	**21,846,997**	--
Depreciation charge for the year	**(13,261,618)**	(14,427,147)
Balance at end of the year	**19,856,726**	11,271,347

9. ACCOUNTS RECEIVABLE

	Notes	**31 December 2020**	31 December 2019
Accounts receivable:			
- Related parties	*28.1*	**7,217,825**	10,136,265
- Others		**76,760,587**	37,921,349
Less: Allowance for credit losses	*9.1*	**(26,613,594)**	(6,877,735)
		57,364,818	41,179,879

9.1 The movement in the allowance for credit losses is summarized as follows:

	For the year ended 31 December 2020	For the year ended 31 December 2019
Balance at the beginning of the year	**6,877,735**	6,729,241
Charge for the year	**19,735,859**	148,494
Balance at the end of the year	**26,613,594**	6,877,735

10. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	Note	**31 December 2020**	31 December 2019
Advance against purchase of property	*10.1*	**77,500,000**	77,500,000
Prepaid insurance expenses		**7,770,332**	7,767,406
Accrued operational revenue		**10,108,448**	5,551,232
Advance to employees		**2,875,632**	6,232,881
Prepaid maintenance expenses		**1,418,613**	1,328,331
Value-added tax (VAT) receivable, net		--	745,507
Other receivables		**2,598,810**	3,715,643
		102,271,835	102,841,000

10.1 This represents advance paid to purchase a property for establishing the data center in King Abdullah Financial District.

11. DEPOSITS WITH SAUDI CENTRAL BANK ("SAMA")

This represents cash collateral received from clearing participants in the form of initial margin, variation margin and default fund. It also includes SR 10 million deposited by the Group as per CMA guidelines. Commission is earned on such deposits, part of the commission is booked by the Group and the clearing members' share of the commission is added to their collateral accounts.

12. CASH AND CASH EQUIVALENTS

		31 December 2020	31 December 2019
Cash at banks – current accounts		**96,798,376**	142,140,619
Short-term Murabaha placement	*12.1*	**-**	126,347,248
		96,798,376	268,487,867

12.1 Short-term Murabaha placement was with a counter party having sound credit rating. This placement had an original maturity period of less than three months and carried an average special commission rate of 2.45% per annum. This Murabaha matured in the month of January 2020 and was not renewed.

13. STATUTORY RESERVE

In accordance with the Company's By-laws and the Saudi Arabian Regulations for Companies effective 25 Rajab 1437H (corresponding to 2 May 2016), the Company is required to set aside 10% of its net income each year as statutory reserve until such reserve reaches 30% of the share capital. The Company transfers the required net income to the statutory reserve at year-end. This reserve is currently not available for distribution to the shareholders of the Group.

14. GENERAL RESERVE

In accordance with the approval of the Chairman of CMA vide letter number 524/2007 dated 31 February 2007, a balance of the retained earnings was transferred to a contractual reserve for the purpose of financing the construction of Tadawul's headquarter in King Abdullah Financial District and any other future purposes to be decided by the Company's Board of Directors. During the year 2008, the Board of Directors of the Company had resolved, according to a decision number 6/8/2008, to transfer such balance of the contractual reserve to a general reserve.

15. EMPLOYEES' END-OF-SERVICE BENEFITS LIABILITY

The movement in employees' end-of-service benefits is as follows:

	For the year ended 31 December	
	2020	2019
Balance at beginning of the year	**77,294,401**	72,059,827
Current service cost	**9,028,207**	7,941,617
Interest cost	**2,272,055**	3,024,828
Amount recognised in profit or loss	**11,300,262**	10,966,445
Re-measurement loss recognized in other comprehensive income	**5,301,735**	8,547,741
Benefits paid during the year	**(2,872,352)**	(14,279,612)
Balance at the end of the year	**91,024,046**	77,294,401

15. EMPLOYEES' END-OF-SERVICE BENEFITS (CONTINUED)

15.1 Net end-of-service benefits liability is as follows:

	31 December 2020	31 December 2019
Present value of benefits liability	**91,024,046**	77,294,401
Fair value of plan assets	**--**	--
Net defined benefits liability	**91,024,046**	77,294,401

15.2 Re-measurement loss recognized in other comprehensive income for the year is as follows:

	For the year ended 31 December	
	2020	2019
Effect of changes in financial assumptions	**5,930,906**	6,881,144
Effect of changes in demographic assumptions	**--**	--
Effect of experience adjustments	**(629,171)**	1,666,597
Re-measurement loss recognized in other comprehensive income	**5,301,735**	8,547,741

15.3 Principal actuarial assumptions

	31 December 2020	31 December 2019
Key actuarial assumptions		
Discount rate used	**1.85%**	2.85%
Future growth in salary	**5.00%**	5.00%
Turnover	**Heavy**	Heavy
Demographic assumptions		
Retirement Age	**64 years**	64 years

Discount rate used

This rate is used to obtain the actuarial present value of the projected benefits. As per IAS 19 *Employee Benefits*, the rate to be used to discount post-employment benefit obligations (both funded and un-funded) shall be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the end of reporting period) on government bonds shall be used. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and expected term of the post-employment benefit obligation. Since there is no deep market for high quality corporate bonds in the Kingdom of Saudi Arabia, therefore, the market yield of government bond is considered.

Salary increases

With regards to the past trend, it is assumed that the salaries would increase at a rate of 5.00% per annum compound in the long range. The valuation is sensitive to the gap between the interest and salary increase assumptions. The situation will be kept under review. Salary increments each year are assumed to be given on 1st February.

15. EMPLOYEES' END-OF-SERVICE BENEFITS (CONTINUED)

15.4 Maturity profile of the defined benefit liability

	2020	2019
Weighted average duration (years)	**7.82**	7.48

Distribution of benefit payments:	**2020**	**2019**
Years	**Amount**	
1	**10,186,507**	6,031,485
2	**12,717,122**	8,573,188
3	**8,549,431**	7,722,731
4	**8,229,939**	5,562,937
5	**8,793,346**	5,380,932
6-10	**51,312,962**	33,863,686

15.5 *Sensitivity analysis*

Reasonably possible changes as to one of the relevant actuarial assumptions, holding other assumptions constant, the amount of defined benefit obligations would have been:

	31 December 2020		31 December 2019	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.5% movement)	**90,624,158**	**98,126,361**	76,620,657	82,666,148
Future salary growth (0. 5% movement)	**96,337,369**	**92,251,617**	81,214,900	77,945,735

15.6 Risks associated with defined benefits plan

Longevity risks:
The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk:
The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual salary increases are higher than expectation and impacts the liability accordingly.

16. LEASE LIABILITY

This represents amount of lease liability as per IFRS 16 for the rented offices of the Company.
Following are the classification and maturity analysis of lease liabilities into current and non-current:

	Future minimum lease payments	**Interest**	**Present value of minimum lease payments**
Current	9,381,700	253,057	9,128,643
Non-current	5,037,933	379,585	4,658,348
	14,419,633	**632,642**	**13,786,991**

17. MARGIN DEPOSITS FROM CLEARING PARTICIPANTS

	Notes	**31 December 2020**	31 December 2019
Clearing members house collateral	*17.1*	**1,001,361**	--
Clearing members client collateral	*17.2*	**16,539,779**	--
Clearing members initial margin	*17.3*	**1,489,200**	--
		19,030,340	--

17.1 This represents cash collateral received from clearing members on their own account.
17.2 This represents cash collateral received from clearing members on account of their customers.
17.3 This represents cash collateral from clearing members highlighting values with position.

18. MEMBERS' CONTRIBUTION TO CLEARING HOUSE FUNDS

This represents prefunded default arrangement that is composed of assets contributed by clearing member that may be used by the Group in certain circumstances to cover the losses or liquidity pressure resulting from participant defaults.

19. ACCOUNTS PAYABLE

	31 December 2020	31 December 2019
Trade payables:		
Others	**81,667,208**	96,877,390
Related parties *(Note 28.3)*	**13,647,463**	8,506,476
	95,314,671	105,383,866

20. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2020	31 December 2019
Accrued employees expenses	**94,647,318**	67,464,699
Accrued social insurance – General Organization for Social Insurance	**2,108,213**	2,007,831
Value added tax (VAT), net	**10,195,945**	--
BOD Payable	**5,470,358**	--
Others	**4,194,449**	5,545,802
	116,616,283	75,018,332

21. ZAKAT PAYABLE

Effective 1 January 2020, the Group is subject to Zakat in accordance with the Zakat regulation issued by GAZT based on Royal Decree 35657 issued on 29/6/1442H. The Group is yet to file its consolidated Zakat return for the Company and its wholly-owned subsidiaries with GAZT. Zakat charge for the year amounted to be SR 83.5 million.

21. ZAKAT PAYABLE (CONTINUED)

	31 December 2020
Share capital	**1,200,000,000**
Statutory reserve	**326,911,746**
General reserve	**1,114,180,214**
Retained Earnings	**618,313,284**
Liabilities and provisions	**98,310,239**
Non-current assets	**(721,787,698)**
Zakat base	**2,635,927,785**
Zakat %	**2.5847**
	68,130,825
Adjusted profit	**617,217,951**
Zakat %	**2.5**
	15,430,449
Zakat charge for the year	**83,561,274**

Movement of zakat is as follows:

	31 December 2020
Balance at the beginning of the year	--
Charge for the year	83,561,274
Balance at the end of the year	83,561,274

22. OPERATING REVENUE

	For the year ended 31 December	
	2020	2019
Trading commission (Note 22.1)	**767,002,623**	317,830,780
Securities depository services	**132,255,954**	123,287,116
Market information services	**112,495,753**	61,345,104
Listing fee	**65,340,676**	60,615,484
Clearing fees (Note 22.2)	**943,253**	--
Membership	**416,967**	--
Other	**1,179,864**	1,669,415
	1,079,635,090	564,747,899

22.1 In accordance with the Council of CMA resolution no. (17/270/6) dated 18 January 2017, operating revenues arrangement between the Group and CMA effective from 1 January 2017 is as follows:

- CMA is entitled to receive a financial return equal to 64% of total trading commission. The Group shall collect this return on behalf of CMA and deposit into CMA's account based on its instructions; and
- The Group is entitled to keep 100% of operating revenue (except trading commission, which is subject to the above-mentioned financial return sharing arrangement).

22.2 This represents income from activities in derivative market.

23. OPERATING COSTS

Operating costs include direct expenses incurred by the Group to provide services to its customers and the Saudi financial market. A breakdown of operating costs is as follows:

		For the year ended 31 December	
	Notes	**2020**	2019
CMA fees	*23.1*	**91,000,000**	79,000,000
Salaries and related benefits		**134,131,451**	119,098,176
Consultancy		**3,469,564**	7,206,119
Maintenance		**54,307,911**	41,060,572
Depreciation and amortization		**31,808,960**	29,315,749
Data network lines		**11,515,517**	26,094,087
Utilities		**974,729**	1,230,843
Security expense		**2,071,007**	1,998,109
Hospitality and cleaning		**1,740,702**	1,992,157
Credit loss on accounts receivable	*9.1*	**19,735,859**	148,493
SAREE system usage fees		**1,099,000**	1,016,000
Communication		**447,258**	366,658
Business Trip		**68,192**	351,677
Marketing and sponsorship		**459,632**	10,205,894
License fees		**910,744**	654,431
Training		**(71,721)**	3,911,452
Others		**2,815,688**	2,477,699
		356,484,493	326,128,116

23.1 This represents fee payable to CMA in relation to services provided to the Group in accordance with the council of CMA resolution no. (17/268/6) dated 18 January 2017 and CMA Board decision no. (3-2-2019) dated 7 January 2019.

24. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December	
	2020	2019
Salaries and related benefits	**126,096,173**	123,513,152
Consultancy	**11,073,105**	17,097,581
Maintenance	**3,958,241**	3,792,500
Depreciation and amortization	**16,404,616**	22,497,007
Board of Directors' remuneration	**6,254,359**	5,437,049
Security expense	**1,863,725**	1,791,059
Utilities	**870,601**	1,073,158
Hospitality and cleaning	**1,861,712**	1,792,885
Communications	**324,716**	947,702
Business trip	**283,371**	437,812
Trading activities insurance contracts	**1,036,418**	657,207
Training	**2,562,074**	5,356,816
Stationery and office supplies	**281,323**	378,457
Marketing and sponsorship	**2,087,106**	3,257,249
License fees	**2,166,835**	1,800,433
Data network lines	**24,173**	11,664
Others	**3,096,312**	7,118,878
	180,244,860	196,960,609

24. GENERAL AND ADMINISTRATIVE EXPENSES (CONTINUED)

Salaries, consultancy and maintenance expenses pertaining to 2019 amounting to SR 10.9 million, SR 4.2 million and SR 8.7 million, respectively, were reclassified from General and administrative expenses to Operating costs in the comparative period. This reclassification is to conform with the current year presentation as a result of a more rigorous assessment made during 2020.

25. INVESTMENT INCOME

	For the year ended 31 December	
	2020	2019
Special commission income	**2,856,686**	25,901,398
Dividend income	**11,367,239**	12,782,200
Realised gain on sale of investments, net	**15,751,508**	5,425,998
Unrealised gain on investments, net	**8,817,609**	50,234,343
Commission from SAMA deposits	**4,103**	--
	38,797,145	94,343,939

26. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing income attributable to the ordinary shareholders of the Company by the weighted average outstanding number of shares for the year ended 31 December 2020, totaling 120 million shares (31 December 2019: 120 million shares).

27. CONTINGENCIES AND COMMITMENTS

Commitments represent the value of the part not yet executed from supply contracts of assets and services to the Group as follows:

	31 December 2020	31 December 2019
Purchase of assets	**21,651,765**	13,593,996
Committed expenditure	**24,838,057**	9,839,370
Letter of guarantee	**11,300,000**	11,300,000
	57,789,822	34,733,366

28. TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of its activities, the Group transacts business with its related parties. Related parties include PIF ("the shareholder"), Tadawul Real Estate Company ("the Associate"), the Group's Board of Directors, and key executives, and other entities, which are under common ownership through PIF ("Affiliates") or have common directors on their Board ("Board of Directors"). Transactions are carried out on mutually agreed terms approved by the management of the Group.

28.1 The significant transactions with related parties during 2020 in relation to the Group's core activities are as follows:

	Nature of transactions			
Nature of relationship	**Sales and marketing**	**Securities depository services**	**Securities clearing services**	**Year ended 31 December 2020**
Affiliates	**75,733,048**	**23,163,779**	**190,111**	**99,086,938**
Board of Directors	**3,356,070**	**-**	**-**	**3,356,070**
Board of Directors/Affiliates	**561,295,279**	**-**	**-**	**561,295,279**
	640,384,397	**23,163,779**	**190,111**	**663,738,287**

28. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

28.1 The significant transactions with related parties during 2020 in relation to the Group's core activities are as follows (continued):

The receivables balance arising from the above transactions are as follows:

	For the year ended 31 December 2020			
Nature of relationship	**Opening balance**	**Invoiced**	**Collections**	**Ending balance**
Affiliates	**6,286,548**	**99,086,938**	**(102,549,637)**	**2,823,849**
Board of Directors	**1,185,250**	**3,356,070**	**(4,541,320)**	**-**
Board of Directors /Affiliates	**2,559,467**	**561,295,279**	**(559,460,770)**	**4,393,976**
The Associate	**105,000**	**-**	**(105,000)**	**-**
Total	**10,136,265**	**663,738,287**	**(666,656,727)**	**7,217,825**

	Nature of transaction		
Nature of relationship	**Sales & marketing**	**Securities depository services**	**Year ended 31 December 2019**
Affiliates	150,409,830	20,733,676	171,143,506
Board of Directors	62,608,472	-	62,608,472
Board of Directors/Affiliates	107,950,564	-	107,950,564
The Associate	-	105,000	105,000
Total	320,968,866	20,838,676	341,807,542

	For the year ended 31 December 2019			
Nature of relationship	**Opening balance**	**Invoiced**	**Collections**	**Ending balance**
Affiliates	3,134,914	171,143,505	(167,991,871)	6,286,548
Board of Directors	2,486,452	62,608,472	(63,909,674)	1,185,250
Board of Directors / Affiliates	6,955,800	107,950,564	(112,346,897)	2,559,467
The Associate	105,000	105,000	(105,000)	105,000
Total	12,682,166	341,807,541	(344,353,443)	10,136,265

28.2 Other balances with related parties included in investments at "FVTPL" are as follows:

	For the year ended 31 December 2020			
Nature of relationship	**Opening balance**	**Purchases/ (Disposals)**	**Unrealized gain**	**Ending balance**
Board of Directors	**1,395,019,617**	**(269,427,458)**	**17,241,287**	**1,142,833,446**

	For the year ended 31 December 2019			
Nature of relationship	Opening balance	Purchases/ (Disposals)	Unrealized gain	Ending balance
Board of Directors	140,588,370	277,698,457	7,118,039	425,404,866

28. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

28.3 Other balances with related parties included within accounts payables are as follows:

	For the year ended 31 December 2020			
Nature of relationship	**Opening balance**	**Services received**	**Payments made**	**Ending balance**
Affiliate	**7,462,036**	**10,581,360**	**(10,293,450)**	**7,749,946**
Board of Directors	**1,044,440**	**6,769,077**	**(1,909,826)**	**5,903,691**
Total	**8,506,476**	**17,350,437**	**(12,203,276)**	**13,653,637**

	For the year ended 31 December 2019			
Nature of relationship	Opening balance	Services received	Payments made	Ending balance
Affiliate	5,511,881	12,528,050	(10,577,894)	7,462,037
Board of Directors	1,442,000	5,577,471	(5,975,032)	1,044,439
Total	6,953,881	18,105,521	(16,552,925)	8,506,476

	For the year ended 31 December 2019			
Nature of relationship	Opening balance	Special commission earned	Collections	Ending balance
The Associate	130,000,000	--	--	130,000,000

The above balance has been converted and transferred from investment (sukuk) to equity-accounted investee during the year ended 31 December 2020 (refer to note 6).

29. SEGMENT INFORMATION

The Group operates solely in the Kingdom of Saudi Arabia. For management purposes, the Group is organized into business units based on services provided. The reportable segments of the Group are as under:

Markets
This business unit's main objective is to grow business by improving products/services, attracting domestic listings, (in the longer term) foreign listings, and developing new asset classes. The responsibilities include maintaining the integrity, stability, and fairness of stock market operations. Its objective is to achieve outstanding results through operational excellence, collaboration with CMA, cost effectiveness, total customer experience management, and developing a capable work force.

Edaa
The activities of Edaa include registration of investment portfolios in the filing and settlement system, register and file its ownership, transfer, settlement and clearing its ownership, registering any restriction of ownership on the file securities, and associate with members of the market and settlement agents to filing and settlement system. Further, Edaa links and manages records of securities issuers, organizes general assemblies for issuers including remote voting service for such assemblies, provide reports, notifications and information in addition to providing any other service relating to its activities according to financial market regulations.

Market information
The activities of this segment is to grow business of market information which includes offer high-quality real-time trading data, reference data, market indices and financial information to the financial community.

29. SEGMENT INFORMATION (CONTINUED)

Corporate

Corporate manages future corporate development and controls all treasury related functions. All investments are incubated within this business segment, which also comprise managing strategy for business development, legal, finance, operations, human resources and customers' relation management.

2020	**Markets**	**Edaa**	**Muqassa**	**Derivatives**	**Market information**	**Corporate**	**Total**
Operating revenue	**454,435,197**	**511,328,368**	**441,819**	**933,953**	**112,495,753**	**-**	**1,079,635,090**
Net Income/(Loss)	**308,924,148**	**279,659,576**	**(70,909,803)**	**(22,828,877)**	**85,901,318**	**3,333,782**	**584,080,144**
Total assets	**-**	**777,018,280**	**228,684,367**	**-**	**-**	**3,087,382,803**	**4,093,085,450**
Total liabilities	**-**	**70,026,151**	**44,959,059**	**-**	**-**	**259,916,587**	**374,901,797**

2019	Markets	Edaa	Muqassa	Derivatives	Market information	Corporate	Total
Operating revenue	221,906,317	281,496,478	-	-	61,345,104	-	564,747,899
Net Income/(Loss)	86,520,412	91,711,848	(42,935,462)	(25,582,746)	34,043,912	9,535,822	153,293,786
Total assets	-	548,679,850	130,041,282	-	-	2,868,108,966	3,546,830,098
Total liabilities	-	39,457,182	25,130,752	-	-	222,836,920	287,424,854

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Market risk;
- Credit risk;
- Operational risk; and
- Liquidity risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk Management framework

The Board of Directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. Furthermore, the Board reviews reports from relevant committees in relation to the above on a regular basis.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Risk management structure
A cohesive organisational structure is established within the Group in order to identify, assess, monitor and control risks.

Board of Directors
The apex of risk governance is the centralised oversight of the Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Senior management
Senior management is responsible for the day to day operations towards achieving the strategic goals within the Group's pre-defined risk appetite.

The risks faced by the Group and the way these risks are mitigated by management are summarised below:

30.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate, because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group limits market risk by maintaining a diversified portfolio and by monitoring the developments in financial markets. Market risk reflects price risk, currency risk and special commission rate risk.

Price risk
Price risk is the risk that the value of financial instruments will fluctuate due to changes in market prices. The Group's price risk exposure relates to its quoted investments in mutual funds whose values will fluctuate as a result of changes in market prices.

A 1% change in the redemption prices and quoted prices of the investments, with all other variables held constant, would impact the statement of profit or loss as set out below:

	For the year ended 31 December	
	2020	2019
Effect on profit for the period	**31,035,190**	25,852,885

The sensitivity analysis prepared is not necessarily indicative of the effects on profit and loss and assets of the Group.

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group did not undertake significant transactions in currencies other than Saudi Arabian Riyals.

Commission rate risk
Commission risk is represented by the exposure to multiple risks related to the impact of changes in commission rates in the market on the Group's financial position and cash flows. The Group monitors the fluctuations in commission rates and believes that the impact of commission rates risk is not significant as financial instruments held by the Group are not exposed to variable commission rate risk.

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.2 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment in debt securities.

The below schedule shows the maximum limit for exposure to credit risk of the consolidated statement of financial position elements:

	31 December 2020	31 December 2019
Cash and cash equivalents	**96,798,376**	268,487,867
Investments at amortized cost	**101,311,751**	308,794,732
Deposits with SAMA	**32,177,558**	-
Accounts receivable	**83,978,412**	48,057,614
Accrued operational revenue	**10,108,448**	5,551,232
Advance to employees	**2,875,632**	6,232,881
Other receivables	**2,598,810**	3,715,643
	329,848,987	640,839,969

Cash and cash equivalents
The Group kept its surplus funds with banks having sound credit ratings. Currently the surplus funds are kept with banks having rating as follows:

Fitch		**Moody's**	
Long term	**Short term**	**Long term**	**Short term**
BBB+	F2	A1	P-1

Account receivables
Account receivables are shown net of allowance for credit losses. The Group applies IFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, account receivables have been grouped based on the days past due. The historical loss rates adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Accrued operational revenue
Accrued operating revenue represents earned revenue which is yet to be billed to the customers. These are short-term in nature and from low credit risk counterparties.

Other receivables
Other receivables represent receivables from low credit risk counterparties and is short-term in nature.

Investments at amortized cost
Investments at amortized cost represents sukuk with General Authority of Civil Aviation (GACA). Such sukuk is backed by the Saudi government therefore credit risk is assessed as low.

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.3 Concentration of credit risk

The following table provides information about the exposure to credit risk and expected credit losses for receivables as at 31 December 2020.

	Weighted average loss rate %	**Gross carrying amount**	**Loss allowance**	**Credit impaired**
0-30 days (not past due)	**27.03**	**72,286,524**	**19,539,792**	**No**
30-60 days	**1.34**	**519,181**	**6,963**	**No**
61-90 days	**2.88**	**159,588**	**4,602**	**No**
91-120 days	**4.44**	**74,013**	**3,283**	**No**
121-180 days	**18.05**	**308,439**	**55,679**	**Yes**
181-360 days	**45.13**	**2,012,859**	**908,403**	**Yes**
More than 360 days past due	**70.72**	**8,616,658**	**6,094,872**	**Yes**
		83,978,412	**26,613,594**	

The following table provides information about the exposure to credit risk and expected credit losses for receivables as at 31 December 2019.

	Weighted average loss rate %	Gross carrying amount	Loss allowance	Credit impaired
0-30 days (not past due)	0.31	33,543,951	103,190	No
30-60 days	2.00	1,261,061	25,233	No
61-90 days	2.99	2,392,842	71,536	No
91-120 days	4.51	435,539	19,647	No
121-180 days	18.17	2,571,107	467,183	Yes
181-360 days	45.43	2,077,669	943,808	Yes
More than 360 days past due	90.85	5,775,445	5,247,138	Yes
		48,057,614	6,877,735	

30.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Compliance with the Group's standards is supported by a program of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.5 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The below schedule shows an analysis of financial assets and liabilities based on the expected date of collection or settlement:

	31 December 2020			31 December 2019		
	Less than 12 months	**More than 12 months**	**Total**	Less than 12 months	More than 12 months	Total
Cash and cash equivalents	**96,798,376**	**-**	**96,798,376**	268,487,867	-	268,487,867
Deposits with SAMA	**32,177,558**	**-**	**32,177,558**	-	-	-
Investments	**3,104,830,715**	**100,000,000**	**3,204,830,715**	2,662,963,376	230,000,000	2,892,963,376
Account receivables	**57,364,818**	**-**	**57,364,818**	41,179,879	-	41,179,879
Accrued operational revenue	**10,108,448**	**-**	**10,108,448**	5,551,232	-	5,551,232
Advance to employees	**2,875,632**	**-**	**2,875,632**	6,232,881	-	6,232,881
Other receivables	**2,598,810**	**-**	**2,598,810**	3,715,643	-	3,715,643
Total financial assets	**3,306,754,357**	**100,000,000**	**3,406,754,357**	2,988,130,878	230,000,000	3,218,130,878
Margin deposits from clearing participants	**19,030,340**	**-**	**19,030,340**	-	-	-
Members' contribution to clearing house funds	**3,147,217**	**-**	**3,147,217**	-	-	-
Lease liability	**9,128,643**	**4,658,348**	**13,786,991**	4,263,087	-	4,263,087
Accounts payable	**95,314,671**	**-**	**95,314,671**	105,383,866	-	105,383,866
Balance due to CMA	**32,758,785**	**-**	**32,758,785**	22,330,201	-	22,330,201
Accrued expenses and other current liabilities	**104,312,125**	**-**	**104,312,125**	73,010,501	-	73,010,501
Employees' end-of-service benefits liability	**-**	**91,024,046**	**91,024,046**	-	77,294,401	77,294,401
Total financial liabilities	**263,691,781**	**95,682,394**	**359,374,175**	204,987,655	77,294,401	282,282,056
Net financial assets	**3,043,062,576**	**4,317,606**	**3,047,380,182**	2,783,143,223	152,705,599	2,935,848,822

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount of the remaining financial assets and financial liabilities is a reasonable approximation of fair value.

		31 December 2020			
		Fair value			
	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Investments					
FVTPL	**3,103,518,964**	**--**	**3,103,518,964**	**--**	**3,103,518,964**

		31 December 2019			
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total Fair Value
Investments					
FVTPL	2,585,288,572	--	2,585,288,572	--	2,585,288,572

There were no transfers between level 1 and level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements as of 31 December 2020 (31 December 2019: Nil).

32. SUBSEQUENT EVENTS

Subsequent to the year-end as discussed in note 3.14, Royal Decree 35657 was issued on 29/6/1442H whereby the Group was subjected to Zakat effective 1 January 2020. Based on management assessment, this event was accounted as an adjusting event for the year ended 31 December 2020.

Apart from the above, there is no event subsequent to the year-end which requires adjustment to or disclosure in these consolidated financial statements.

33. DIVIDEND

The ordinary assembly meeting held on 09 Dhul-Qadah 1441H (corresponding to 30 June 2020) approved the payment of dividends to shareholders for the year ended 31 December 2019 amounting to SR 120,000,000 (31 December 2019: 120,000,000).

34. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors on 15 Shaban 1442H corresponding to 28 March 2021.