TAIBA INVESTMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS & INDEPENDENT AUDITOR'S REPORT
31 December 2021

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Taiba Investment Company
(A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Taiba Investment Company (A Saudi Joint Stock Company) ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of income and, the consolidated statements of comprehensive income, changes in equity and, the consolidated statements of cash flows for the year then ended, and accompanying notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA")

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in KSA. 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 professional code of conduct and ethics endorsed in KSA 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, there is a description for how our audit treated each of the matters in this context.

Our responsibilities were satisfied in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report in respect of these matters. Accordingly, our audit included the implementation of procedures designed to respond to our assessment of the risks of fundamental errors in consolidated financial statements. The results of our audit procedures, including those implemented to address the matters below, provide a basis of our opinion on the audit of the accompanying consolidated financial statements.

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Key audit matters (continued)

Key audit matter	How the matter was addressed in our audit
<u>Impairment of properties, plants and equipments and investment properties</u> At December 31, 2021, the carrying amount of properties, plant and equipment and investment properties amounted to SR 2,386 million and SR 234 million (2020: SR 1,967 million and SR 528 million) respectively. Both accounts are representing 67% (2020: 63%) of the total assets of the Group. The carrying values of these assets are reviewed annually by management to assess whether there are indicators of impairment and, wherever indicators of impairment exist, an impairment assessment is performed by determining if the recoverable amount, which takes into account the fair value of these assets, exceeds or is equal to its carrying values. The Group engages an independent certified external valuer ("valuer"), who assesses the fair values using market valuation methodology and the values in use using discounted future cash flow model. We consider this as key audit matter, given both approaches includes significant judgment and estimates such as, sales prices, occupancy rate, market rent, future rental income, discount rates and terminal values, including economic fluctuations and the effects of the Covid-19 pandemic on the Group's business. Please refer to note (3) of the consolidated financial statements for more details regarding the significant accounting policy, note (2) regarding significant accounting estimates and judgements, and notes (7 and 9) regarding details about relevant disclosures.	We performed the following audit procedures, among others: • Evaluated the management's procedures in identifying impairment indicators in respect of properties, plants and equipments and investment properties. • Evaluated objectivity, independency, competence and experience of the valuer. • On a sample basis, we involved our specialists to evalute: - Reasonability of calculated value in use and key assumptions, inculding cash flow projections and used discount rate. - Analyze significant assumptions and evaluate its impact to the fair value, and evaluate the impact of changes in key assumptions to the conclusion reached by managemet. • Read the minutes of meetings of board of directors, in respect of any elimination or disposal of properties, plants and equipments and investment properties, during the current or future years, if any. • Reviwed the adequacy of the presentation and disclosures in respect of underlying assumptions and key estimates, and the sensitivity analysis in the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Taiba Investment Company
(A SAUDI JOINT STOCK COMPANY) (continued)

Key audit matters (continued)

Key audit matter	How the matter was addressed in our audit
<u>Impairment of trade receivables</u> The gross trade receivables as at 31 December 2021 amounted to SR 153 million (31 December 2020: SR 98 million) against an impairment allowance amounted to SR 138 million (31 December 2020: SR 79 million). The Group has applied significant judgments in the determination of Expected Credit Loss (ECL). ECLs are recognised in two stages. For credit exposures with significant increase in credit risk, ECL is recognized for credit losses expected over the remaining life of the exposure (a lifetime ECL) and the probability of recovery of individual balances. For credit exposures for which there has not been a significant increase in credit risk, ECL is provided for credit losses considering factors like historical default rate with forward-looking information, including economic fluctuations and the impact of the Covid-19 pandemic. We considered this as a key audit matter given the judgements and assumptions regarding the ECL impairment against trade receivables and the potential impact on the Group's consolidated financial statements. Please refer to note (3) on consolidated financial statements for further details regarding significant accounting policy, note (2) regarding significant accounting estimates and judgements, and note (15) for related disclosures.	We performed the following audit procedures, among others: • Obtained understanding of management's assessment of ECL against trade receivables. • Evalauted the appropriateness of significant judgements, estimates and assumptions made by management keeping in view the impact and uncertainty due to the COVID 19 pandemic. • Involved our specialists to review methodology implemented by the Group in relation to the requirements of IFRS (9), Group's method in assessing defaults evaluating interrelated inputs and assessing reasonableness of assumptions used in ECL model particularly around macroeconomic variables, forecasted macroeconomic scenarios and probability weights. • Evaluated the appropriateness of the Group's criteria and judgment for the determination of individually impaired receivable. • Tested the completeness and accuracy of data supporting the ECL calculations. • We have also reviwed the presentation and related disclosures in the accompanying consolidated financial statements.

Other information included in the annual report for the Group for the year 2021
The other information comprises the information included in the annual report for the Group for the year 2021 other than the consolidated financial statements and our auditors' report thereon. Management is responsible for the other information in its annual report. The annual report of the Company for the year 2021 is expected to be available our report date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Other information included in the annual report for the Group for the year 2021 (continued)
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.
When we read the annual report for the Company for the year 2021, where possible, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the SOCPA and the provisions of Companies' Law and the Company's By-Law and for such internal control as management determines is necessary to enable the preparation of 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 are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objective is 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 ISAs that are endorsed in KSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs that are endorsed in KSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and 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 the Management.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Taiba Investment Company
(A SAUDI JOINT STOCK COMPANY) (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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, 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 financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may

reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore

the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For Ernst and Young Professional Services

Abdullah Ali AlMakrami
Certified Public Accountant
Licence no. 476

Jeddah: 29 Rajab 1443H
2 March 2022G

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شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

TAIBA INVESTMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED BALANCE SHEET
As at 31 December 2021
Saudi Riyals

	Note	2021	2020
ASSETS			
NON-CURRENT ASSET			
Properties, plants and equipments	7	**2,386,709,709**	1,967,615,847
Intangible assets	8	**2,759,445**	2,908,204
Investment property	9	**234,509,438**	528,178,907
Right of use assets	10	**3,917,313**	2,362,867
Financial Assets at FVOCI	11	**361,982,793**	932,108,261
Investment in associates	12	**80,002,423**	83,080,300
Other non-current assets	12 – 4	**8,770,053**	10,687,417
TOTAL NON-CURRENT ASSET		**3,078,651,174**	3,526,941,803
CURRENT ASSET			
Inventory	13	**1,179,219**	5,989,199
Biological assets	14	**885,488**	1,535,915
Trade receivables	15	**15,142,320**	18,942,512
Amounts due from related parties	16	**19,237,231**	19,237,231
Prepayments and other current assets	17	**19,128,925**	10,038,800
Short term investments	18	-	220,000,000
Financial Assets at FVOCI	11	**402,228,398**	-
Cash and cash equivalents	19	**402,012,254**	124,030,113
Total current asset		**859,813,835**	399,773,770
TOTAL ASSET		**3,938,465,009**	3,926,715,573
EQUITY AND LIABILITIES			
EQUITY			
Share Capital	1	**1,604,574,830**	1,604,574,830
Statutory reserve	20	**1,000,000,000**	1,000,000,000
Other general reserve	21	**208,791,276**	208,791,276
Other reserves		**234,668,533**	(199,202,305)
Retained earnings		**557,800,915**	1,041,606,914
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY		**3,605,835,554**	3,655,770,715
Non-controlling interests	22	**35,371,209**	41,892,559
TOTAL EQUITY		**3,641,206,763**	3,697,663,274
NON-CURRENT LIABILITIES			
Employees benefit obligations defined	23	**13,514,111**	14,781,625
Non-current portion of lease liabilities	10	**-**	1,116,507
TOTAL NON-CURRENT LIABILITY		**13,514,111**	15,898,132
CURRENT LIABILITY			
Current portion of lease liabilities	10	**6,016,037**	3,334,947
Trade and other payables	25	**122,612,522**	76,005,580
Dividends payable	26	**120,627,400**	107,935,443
Amounts due to related parties	16	**5,019,472**	6,963,872
Zakat payable	27	**29,468,704**	18,914,325
TOTAL CURRENT LIABILITIES		**283,744,135**	213,154,167
TOTAL LIABILITIES		**297,258,246**	229,052,299
TOTAL EQUITY AND LIABILITIES		**3,938,465,009**	3,926,715,573

Mr Ayman Bin Hamza Saeed VP of Finance	Eng. Saleh Bin Habdan Alhabdan CEO	Dr. Waled Bin Mohamed Al Eisa Head of the Board of Director

The attached notes 1 to 41 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2021
Saudi Riyals

	Note	**2021**	2020
Revenues	28	**130,935,221**	220,953,613
Costs of revenues	29	**(90,709,196)**	(97,716,895)
GROSS PROFIT		**40,226,025**	123,236,718
Selling and marketing expenses	30	**(205,386)**	(275,565)
General and administrative expenses	31	**(59,936,720)**	(45,500,874)
Other operating expenses	32	**(25,374,760)**	(4,865,921)
Impairment losses on trade receivables	15	**(61,277,406)**	(65,704,128)
OPERATIONAL (LOSSES) PROFITS		**(106,568,247)**	6,890,230
Dividends From Financial assets at FVOCI	33	**17,468,432**	9,723,622
Group’s share of results of associates	12	**(3,077,877)**	(8,507,817)
Other (expenses) income - net	34	**(11,405,535)**	81,845,676
(LOSS) INCOME BEFORE ZAKAT FROM CONTINUED OPERATIONS		**(103,583,227)**	89,951,711
Zakat expense	27	**(20,265,077)**	(2,225,505)
NET (LOSS) INCOME FOR THE YEAR FROM CONTINUING OPERATIONS		**(123,848,304)**	87,726,206
DISCONTINUED OPERATIONS			
Income after zakat from discontinued operations	1	**-**	7,727,570
NET (LOSS) INCOME FOR THE YEAR		**(123,848,304)**	95,453,776
NET (LOSS) INCOME ATTRIBUTABLE TO:			
Shareholders of the Parent Company		**(117,294,908)**	98,772,074
Non-controlling interests		**(6,553,396)**	(3,318,298)
		(123,848,304)	95,453,776
(LOSS) INCOME FOR THE SHARE (SR)	35		
Basic		**(0,73)**	0,62
Diluted		**(0,73)**	0,62

Mr Ayman Bin Hamza Saeed VP of Finance	Eng. Saleh Bin Habdan Alhabdan CEO	Dr. Waled Bin Mohamed Al Eisa Head of the Board of Director

The attached notes 1 to 41 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021
Saudi Riyals

	Note	**2021**	2020
NET (LOSS) INCOME FOR THE YEAR		**(123,848,304)**	95,453,776
OTHER COMPREHENSIVE INCOME:			
Item that that will not be reclassified to statement of income in subsequent periods:			
Net unrealized profits from revaluation of financial assets at FVOCI	11	**788,173,711**	34,668,825
Re-measurements of employee benefits from continued operations	23	**626,620**	(1,112,212)
TOTAL OTHER COMPREHENSIVE INCOME		**788,800,331**	33,556,613
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**664,952,027**	129,010,389
Total comprehensive income for the attributable to:			
Shareholders of the Parent Company		**671,467,959**	132,339,170
Non-controlling interests		**(6,515,932)**	(3,328,781)
		664,952,027	129,010,389

Mr Ayman Bin Hamza Saeed	Eng. Saleh Bin Habdan Alhabdan	Dr. Waled Bin Mohamed Al Eisa
VP of Finance	CEO	Head of the Board of Director

The attached notes 1 to 41 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021
Saudi Riyals

	Equity attributable to the equity holders of the parent							
	Share capital	Statutory reserve	General reserve	Other reserves	Retained earning	Total equity ownership	Total non-controlling interests	Total equity ownership
Balance as at 31 December 2020	**1,604,574,830**	**1,000,000,000**	**208,791,276**	**(199,202,305)**	**1,041,606,914**	**3,655,770,715**	**41,892,559**	**3,697,663,274**
Net loss for the year	–	–	–	–	(117,294,908)	(117,294,908)	(6,553,396)	(123,848,304)
Other comprehensive Income for the year	–	–	–	788,762,867	–	788,762,867	37,464	788,800,331
Total comprehensive Income (loss) for the year	–	–	–	788,762,867	(117,294,908)	671,467,959	(6,515,932)	664,952,027
Dividends (note 26)	–	–	–	–	(722,058,674)	(722,058,674)	–	(722,058,674)
Derecognition of investment in equity instruments at fair value	–	–	–	(355,547,583)	355,547,583	–	–	–
Write off provisions for measuring employees' benefits	–	–	–	655,554	–	655,554	–	655,554
Change in non-controlling interests	–	–	–	–	–	–	(5,418)	(5,418)
Balance at 31 December 2021	**1,604,574,830**	**1,000,000,000**	**208,791,276**	**234,668,533**	**557,800,915**	**3,605,835,554**	**35,371,209**	**3,641,206,763**

Mr Ayman Bin Hamza Saeed	Eng. Saleh Bin Habdan Alhabdan	Dr. Waled Bin Mohamed Al Eisa
VP of Finance	CEO	Head of the Board of Director

The attached notes 1 to 41 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2021
Saudi Riyals

	Equity attributable to the equity holders of the parent							
	Share capital	Statutory reserve	General reserve	Other reserves	Retained earnings	Total equity ownership	Total equity Non-controlling interests	Total equity ownership
As at 31 December 2019	1,604,574,830	1,000,000,000	210,316,579	(229,372,398)	1,091,872,446	3,677,391,457	46,232,678	3,723,624,135
Net income (loss) for the year	–	–	–	–	98,772,074	98,772,074	(3,318,298)	95,453,776
Other comprehensive income (loss) for the year	–	–	–	33,567,096	–	33,567,096	(10,483)	33,556,613
total comprehensive income (loss) for the year	–	–	–	33,567,096	98,772,074	132,339,170	(3,328,781)	129,010,389
Dividends (note 26)	–	–	–	–	(152,434,609)	(152,434,609)	–	(152,434,609)
Impact of transaction with non-controlling interests without any change in controlling	–	–	(1,525,303)	–	–	(1,525,303)	–	(1,525,303)
Derecognition of investment in equity instruments at fair value	–	–	–	(3,397,003)	3,397,003	–	–	–
Change in non-controlling interests	–	–	–	–	–	–	(1,011,338)	(1,011,338)
Balance at 31 December 2020	1,604,574,830	1,000,000,000	208,791,276	(199,202,305)	1,041,606,914	3,655,770,715	41,892,559	3,697,663,274

Mr Ayman Bin Hamza Saeed	Eng. Saleh Bin Habdan Alhabdan	Dr. Waled Bin Mohamed Al Eisa
VP of Finance	CEO	Head of the Board of Director

The attached notes 1 to 41 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31 December 2021
Saudi Riyals

	Note	2021	2020
OPERATING ACTIVITIES			
(Loss) income before zakat from continued operations		**(103,583,227)**	89,951,711
Income before zakat for the period from discontinued operations		**-**	7,727,570
		(103,583,227)	97,679,281
Adjustments to reconcile income before zakat for the period to net cash flow:			
Depreciation of properties, plants and equipments	7	**21,649,222**	19,679,454
Amortization of intangible asset	8	**737,694**	454,477
Depreciation of investment properties	9	**3,380,672**	6,576,548
Depreciation on right of use of asset	10	**2,642,882**	3,756,395
Losses (profits) on disposal of properties plants and equipments		**(371,646)**	1,142,901
Allowance of employees benefit obligations defined	23	**3,613,164**	3,634,190
Allowances of impairment losses on receivables		**61,277,406**	65,704,128
Allowances of impairment losses in due from related parties		**-**	3,259,267
Allowances of impairment losses in properties - land	7	**6,690,920**	234,056
Allowances of impairment losses of inventories		**4,339,378**	4,519,468
Allowance for contingent liability		**9,087,841**	832,960
Profits from disposal of hold-to-sale assets		**-**	(7,727,570)
Gains from sale of investments	12	**-**	(10,671,536)
Gains from compensation from discharging a land		**-**	(3,785,255)
Reversal of allowance against financial guarantee		**-**	(67,824,000)
Revenues from revaluation of other non-current assets	12	**(1,082,636)**	(503,381)
Dividends of Financial assets at FVOCI	33	**(17,468,432)**	(9,723,622)
Group's share of results of associates	12	**3,077,877**	8,507,817
Allowance of losses of investment in associates	12	**10,884,747**	10,673,300
		4,875,862	126,418,878
Working capital adjustments:			
Trade receivables		**(57,477,214)**	(78,444,281)
Prepayments and other current assets		**(7,124,090)**	4,207,602
Inventories		**470,602**	(3,327,742)
Trade accounts and other payables		**24,827,144**	(47,741,375)
Related parties		**(1,944,400)**	4,315,776
Cash (used in) generated from operations		**(36,372,096)**	5,428,858
Employees' benefits liabilities paid	23	**(4,254,058)**	(1,373,970)
Zakat paid	27	**(9,627,246)**	(18,969,140)
Net cash flows (used in) from operating activities		**(50,253,400)**	(14,914,252)

The attached notes 1 to 41 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW (Continued)

For the year ended 31 December 2021
Saudi Riyals

	Note	2021	2020
INVESTING ACTIVITIES			
Cash dividend collected		**17,468,432**	22,626,718
Short term investments		**220,000,000**	30,000,000
Additions to properties, plants and equipments	7	**(151,769,369)**	(162,634,424)
Additions to investment properties	9	**(1,060,935)**	(489,595)
Additions to intangible assets	8	**(662,337)**	(2,707,161)
Net movement in biological assets		**650,427**	802,176
Proceeds from sale of properties, plants and equipments		**630,080**	796,812
Proceeds from compensation from discharging a land		**–**	4,656,505
Proceeds from sale of investments in equity instruments		**944,552,221**	–
Proceeds from reducing capital of investees		**11,518,560**	–
Proceeds from sale of discontinued operations and investemnts		**–**	18,487,500
Acquisition of non-controlling interest		**–**	(1,525,303)
Net cash flows from (used in) investing activities		**1,041,327,079**	(89,986,772)
FINANCING ACTIVITIES			
Dividend paid	26	**(709,366,717)**	(146,952,955)
Net change in lease liabilities	10	**(3,719,403)**	(1,152,586)
Change in non-controlling interests	22	**(5,418)**	(1,011,338)
Net cash flows used in financing activities		**(713,091,538)**	(149,116,879)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**277,982,141**	(254,017,903)
Cash and cash equivalent at the beginning of the year		**124,030,113**	378,048,016
Cash and cash equivalents at end of the year		**402,012,254**	124,030,113
Supplemental non-cash information			
Unrealized profits from revaluation of FVOCI		**788,173,711**	34,668,825
Investment property transferred from discontinued operations		**–**	4,253,024
Remeasurement of defined employee benefits liability		**626,620**	1,112,212
Additions to right of use of asset		**3,917,313**	6,814,386
Additional inventory from biological assets		**5,208,824**	7,347,098
Additions of properties, plants and equipments		**12,020,323**	–

Mr Ayman Bin Hamza Saeed	Eng. Saleh Bin Habdan Alhabdan	Dr. Waled Bin Mohamed Al Eisa
VP of Finance	CEO	Head of the Board of Director

The attached notes 1 to 41 form part of these consolidated financial statements.

1 CORPORATE INFORMATION

Taiba Investment Company ("Taiba", "The Company" or "Parent Company") has been formed as per the Royal Decree number M/41 dated 16, 06, 1408(H). Its formation has been declared according to the decision of His Excellency the Minister of Trade and Investment No. 134 dated Safar 13, 1409H, corresponding to September 24, 1988 and Commercial Register No. 0340012465. The Extraordinary General Assembly held on May 14, 2019 agreed to amend article (2) of the Company's By-laws regarding changing the name of Taiba Holding Company to Taiba Investment Company. The Company's articles of association were amended on 21 May 2019.

The Company's registered office is located at Madinah Munawarah, P. O Box 7777, Post Code 41472 - Kingdom of Saudi Arabia

The Company's main activity is the following (owning real estate, hotels, hospitals, recreational and tourism facilities and investing in them by selling or buying, renting, managing and operating, operating management of cities, facilities, public facilities and contracting in architectural, civil, mechanical, electrical, agricultural, industrial, mining, credit and mortgage service).

The Company practices its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the concerned authorities, if any.

The Company may have an interest or participate in any way with bodies, companies or individuals that engage in similar activities or which may assist in achieving its purpose as it may merge or incorporate or purchased and may invest funds that achieves its interests.

As at December 31, 2021 share capital of the Company amounting to SR 1.604 million (December 31, 2020: SR 1.604 million), consisting of 160.5 shares (December 31, 2020: 160.5 shares) fully paid up, with a par value of SR 10 each.

The Company announced the decision of the Board of Directors of the Company on 2 Dhul-Qi'dah 1442H (corresponding 12 June, 2021) to agree starting preliminary discussions with Dur Hospitality to study merging both companies. These discussions do not necessarily mean that the merge will occur between both parties. If the agreed to merge, this will be subject to the terms and approvals of the relevant regulators, as well as the Extraordinary General Assembly approval of both companies.

As at December 31, 2021 and December 31, 2020, the Company had investments in the following subsidiaries (collectively referred to as the "Group"):

(i) Companies subject to direct control of Taiba Investment, which was consolidated in these financial statements.

Subsidiary name	**Country of corporation**	**Principal activities**	**Direct holding (%) As at December 31**	
			2021	2020
Al Aqeeq Real Estate Development Company	Kingdom of Saudi Arabia	Real estate development	**100%**	100%
Arab Resorts Areas Company (ARAC)*	Kingdom of Saudi Arabia	Hospitality and tourism	**99,96%**	99,96%
Taiba Agriculture Development Company (TADEC)	Kingdom of Saudi Arabia	Agriculture	**54,80%**	54,80%

* On 17 Dul qi'dah 1442H (corresponding 27 June 2021), the 14th Extraordinary General Assembly of shareholders of ARAC decided to approve the recommendation of the Board of Directors of the Company for optional liquidation, therefore it was approved to appoint Dr. Mohamed Al-Amri & Co. (BDO) - accountants and auditors to liquidate the work of ARAC as per the Companies' Law as of July 1, 2021. The touristi activity shall continues to be managed by Al Aqeeq Real Estate Development Company owned totally by Taiba.

1 CORPORATE INFORMATION (continued)

(B) Companies subject to indirect control by Taiba invstement Company which have been consolidated in the financial statements:

Subsidiary name	Country of corporation	Principal activities	Direct holding (%) As at December 31 2021	2020
Tawd Real Estate Management and Marketing Company (Tawd)	Kingdom of Saudi Arabia	Real Estate Management and Marketing	**100%**	100%
Taiba Contracting and Maintenance Company*	Kingdom of Saudi Arabia	Contracting and maintenance	–	–

On March 12, 2020, an agreement was signed to sell the full shares of Taiba Contracting and Maintenance Company Limited (TACOMA) (94% owned by Al Aqeeq Real Estate and 6% owned by Arab Resorts Areas Company (ARAC)) to a third party for a total amount of SR 20 million, . This transaction resulted in net profit of SR 7,7 million. The Group's share in other comprehensive income in an investee at an amount of SR 3,4 million has also been transferred to the retained earnings. the agreement also included the transfer of land owned by TACOMA and the buildings on it as well as its 10% share in Tawd for Al Aqeeq Real Estate (Al-Aqeeq Real Estate owns 100% of Tawd)

The consolidated Financial Statements were authorized for issue by the Group's Board Directors on 28 Rajab 1443H (corresponding to 1 March 2022).

2 BASIS OF PREPARATION

2.1 Statement of Compliance
financial statements of the consolidated have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA")

The CMA announced on December 30, 2019 that it obliges listed companies to continuously follow the cost model for measuring property (IAS 16) and investment properties (IAS 40) in financial statements prepared for financial periods within the financial years which begin before 2022. The CMA also requires listed companies to follow the cost model to measure equipment and intangible assets for five years starting from January 1, 2020. The Group complied with the requirements included in the accompained consolidated financial statements.

2.2 Basis of measurement
The consolidated financial statements have been prepared in accordance with the principle of historical cost, except for financial assets at fair value through other comprehensive income are measured at fair value. Employee benefit obligation liabilities defined at the current value of future obligations are recognized using the expected actuarial credit unit method.

2.3 Presentation and functional currency
The financial statements are presented in Saudi Riyals (SR) which is also the Group's functional currency except when otherwise indicated.

2.4 Use Judgments and estimates
The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. The management's estimates in the application of accounting policies, calculation methods and main sources of estimates are the same applied in the financial statements for the year ended December 31, 2020> However, in the light of the current uncertainty regarding Covid-19, any future change in assumptions and estimates could lead to results that may require a significant adjustment in the carrying amount listed for assets and liabilities affected in future periods. As the situation continues to evolve with the future uncertainty, management will continue to assess the impact based on future developments (see illustration 40).

2- BASIS OF PREPARATION (continued)

2.4 Using Judgments and estimates (continued)

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Sensitivity analyses (notes 23)
- Financial risk management (note 37)
- Capital management (note 38)

Judgements
In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated Financial Statements:

Revenue from contracts with customers
The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers.

Determining method to estimate variable consideration and assessing the constraints
Some contracts relating to the sale of goods or the provision of contractual services resulting in a variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be is, the due.

The Group determined that the expected value method is the most appropriate way to be used to estimate the variable consideration for selling goods or providing the service as the chosen method better predicts the variable consideration given by the customer based on the limits of quantity provided during the period. Since the group provides the amounts of the goods agreed upon with the price that is variable when the quantity changes.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, uncertainty about the variable consideration will be resolved within a short-term range.

Going concern
The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis. The managment assessment for the impact of Covid-19 has been disclosed in Note 40.

Estimations and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material differences in the carrying amounts of assets and liabilities within the subsequent financial year, are presented below. The Group used these assumptions and estimates on the basis available when the consolidated Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are such in the assumptions when they occurrence. The following are information about assumptions and uncertainty from estimation:

2 BASIS OF PREPARATION (continued)

Classification of investment properties
The Group determines whether a property qualifies as an investment property in accordance with IAS 40 Investment Property. In making such judgment, the Group considers whether the property

generates cash flows largely independent of other assets held by the Group.

Operating lease classification – Group as lessor
The Group entered into commercial leases for its investment property The Group has determined, based on an Estimation of the terms and conditions of the arrangements, that as the lease term not constituting a major part of the economic life of the property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Measurement of employee benefit obligation
The Group's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount to arrive at present value. The calculation is performed annually by a qualified actuary using the

projected unit credit method. Judgments are used in estimating the actuarial assumptions. Key assumptions are disclosed in Note (23).

Provision for expected credit losses (ECL) of trade receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The management also evaluated recoverable trade receivables for each customer individually, as well as incorporating estimates, assumptions and judgements on the impact of Covid-19 on the recovery of trade receivables.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in notes 15, 37, 40.

Useful lives of property, plant and equipment and investment property
The management determines the estimated useful lives of property, plant and equipment, investment properties and intangibles for calculating depreciation / amortization. This estimate is determined after considering expected usage physical wear and tear. Management reviews the residual value and useful lives annually and change in amortization charges (if any) are adjusted in current and future periods.

Estimate of fair value of assets and liabilities
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 in the principal or, in its absence, the most advantageous market to which the access is available at that date. The fair value of a liability reflects its non-performance risk.

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

2 BASIS OF PREPARATION (continued)

Estimate of fair value of financial assets and liabilities (continued)

- 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 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 assets and liabilities that are not based on observable market data

  (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level

of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. As at December 31, 2021 and December 31, 2020, there is no movement between levels.

The carrying values and fair values of financial assets and liabilities including their fair value hierarchy are disclosed. It doesn't include information about fair value of financial assets and

financial liabilities not measured at fair value if book value reasonably equals fair value in note (39).

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except what was clarified in note (4).

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("Group") as at 31 December 2021. 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. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

The Group re-assesses whether or not it exercise control over the investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date the Group obtains control until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of "Other Comprehensive Income" ("OCI") are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership share of a subsidiary not have lead to a loss of control within equity.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, and other components of equity for the subsidiary, while any resultant gain or loss is recognised in the consolidated statement of income. Any investment retained is recorded any at fair value.

These consolidated financial statements include the financial statements of the parent company and subsidiaries as in note (1). The financial statements of the subsidiary are prepared for the same period as the parent company.

3.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate non-controlling interests of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a entity or business, it assesses the financial assets and liabilities controlled for appropriate classification in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Business combinations and goodwill (continued)

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the percentage of disposed activities from the remaining portion of the cash-generating unit.

3-3 Investments and financial assets

1) Investment in associates

Parent Company’s investment in associate is accounted by equity method. An associate is an entity over which the Parent Company has significant influence. Significant influence is the ability to participate in the financial and operating policy decisions for the investee, but is but not control or joint control over those policies.

Under the equity method, the investment in an associate is recognized in the consolidated statement of financial position at cost, plus the Parnet Company’s share in changes after acquiring the business in net assets of the associate. Goodwil related to the associate is added to the investment carrying amount and is not amortized or reviewed on an individual basis to determine the impairment.

The Company’s consolidated statement of income reflects the Parent Company’ share in the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Parent Company recognizes its share of any change and disclose this, when applicable, in the consolidated statement of other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same period as the Parent Company. When needed, adjustments are made to match the accounting policies with that of the Parent Company.

After application of the equity method The Parent Company determines whether it is necessary to recorded an impairment loss for the investment of Parent Company in Associates. The Parent Company determines at each consolidated statement of financial position date whether there is any objective evidence that the investment in associates is impaired. If so, the Parent Company then accounts the amount of impairment as the difference between the recoverable amount from the associate and its carrying amount, and recognizes the amount in the consolidated statement of income under "impairment losses in investment in investee".

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

Unquoted shares
Fair value is determined based on the market value when there is an open market, in the absence of an open market, fair value is determined based on the market value of a similar investment or on the basis of predicted discounted cash flows and other related factors.

Changes in fair value are credited / charged to the consolidated statement of other comprehensive income. If there is objective evidence of an impairment in the value of investments, then the fair value of the investment is determined, and the impairment loss is recognized in the consolidated statement of other comprehensive income.
In assessing impairment, the expected future cash flows and other factors are taken into consideration. Where partial holdings are sold, the related carrying value of such investments are accounted for on a weighted average basis.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Business combinations and goodwill (continued)

3-3 Investments and financial assets (continued)

1) INVESTMENT PROPERTY

Investment properties include lands, buildings, and equipment held by the Group for rental or capital development, or both. Investment property is measured at cost less accumulated

depreciation and any impairment losses, if any. Depreciation is calculated over depreciable amount, which is the cost of an asset or other amount substitute for cost, less its residual value. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. When parts of an item of investment property have different useful lives, they are accounted for as separate items (major components) of investment property and equipment.

The cost of replacing a part of an item of investment properties is recognised in the carrying amount of the item if it is probable that 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 costs of the day-to-day servicing of investment properties is recognised in the consolidated statement of profit or loss as incurred.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in related consolidated statement of income.

The rates of depreciation based on the estimated useful lives are as follows:

Asset	%
Buildings	1,5 – 3
Properties and equipments	5 – 20
Furnitures and office equipments	5 – 20

The depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted prospectively, if required. Transfers are made from investment properties to other operating properties categories only when there is a change in use evidenced by commencement of related activity such as development with a view to sell. Such transfers are made at the carrying value of the properties at the date of transfer.

3.4 Properties, plants and equipments

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the costs of materials, direct labor, and any other costs directly attributable to preparing the asset for its intended use, the costs of dismantling, removing, and reinstalling on the job site, and borrowing costs to qualify the asset.

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

Gains and losses is determined when any item of properties, plants and equipments is disposed of by comparing the proceeds from disposal with the carrying amount of the asset and is recognized net of other related consolidated statement of income, consolidated the statement of income.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3-4 properties, plants and equipments (continued)

Subsequent measurement
The cost of replacing a part of an item of properties, plants and equipments is recognized in the carrying amount of the item if it is probable that 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 costs of the day-to-day servicing of property, plant and equipment are

recognised in profit or loss as incurred.

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

Depreciation is charged recognized in the consolidated statement of income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. No depreciation for lands or unfruitful trees.

The rates of depreciation based on the estimated useful lives are as follows:

Asset	%	Asset	%
Buildings	1.5-3	Property and equipment	5-20
Furniture and office equipment	5-20	Vehicles	25
Bearer plant	2		

The Group reviews depreciation methods, useful lives and residual value of property, plant and equipment at least at the end of each financial year and in case there are any differences, they are considered as change in accounting estimates (in the change year and the subsequent years).

3.5 Assets and liabilities classified as held for disposal
Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.
A discontinued operation is a component (cash generating unit) of an entity that either has been disposed of or is classified as held for sale and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to re-sale.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3-5 Assets and liabilities classified as held for disposal (continued)

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of income and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period; whereas, the statement of financial position for the comparative period is not restated.

3.6 Intangible ASSET

Intangible assets acquired separately are measured on initial recognition at cost. Cost of intangible assets acquired based on business combinations represents the fair value at the acquisition date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Intangible assets internally developed (except for capitalized development costs) are not capitalized and expenses are included in the consolidated

statement of profit or loss at the date of its maturity

Gains or losses arising from derecognising intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income consolidated when the asset is derecognised.

Intangible assets with finite live are amortized over the useful economic life. Cost of intangible assets is amortized on a straight-line basis over the life life Asset as follows:

Computer software	5 years

The useful lives of intangible assets with finite useful lives are reviewed regularly on the date of each reporting period.

3.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or instrument of another entity.

<u>Financial assets</u>

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, or fair value through other comprehensive income (OCI) or fair value through consolidated statement of comprehensive income.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through comprehensive statement of comprehensive income, transaction costs. Trade receivables that do not contain a significant financing component or for that do In accordance with Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (16-3) Revenue from contracts with customers.

In order for a debt financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3-7 Financial instruments (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

that are not solely payments of principal and interest are classified and measured at fair value through comprehensive statement of comprehensive, irrespective of the business model.
The Group's financial asset management business model indicates how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will arising from collecting contractual cash rise, selling the financial asset, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- • Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through the consolidated statement of comprehensive incomeo.

Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of comprehensive income when the asset is derecognised, modified or impaired.

The Company’s financial assets at amortised cost include trade accounts receivables and other receivables.

Financial assets at fair value through OCI (debt instruments)
For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to the consolidated statement of comprehensive income.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3-7 Financial instruments (continued)

Financial assets (continued)

Financial assets designated at fair value through OCI (equity instruments)(continually)
Gains and losses on these financial assets are never recycled to the consolidated statement of comprehensive income. Dividends are recognised as other income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial asset at FVOCI
Financial assets at fair value are charged through the consolidated statement of other comprehensive income in the financial position with net changes in fair value included in the consolidated statement of comprehensive income.

Subsequent measurement
This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends from investments in equities listed as other income are included in the consolidated statement of comprehensive income when the right to pay is established.

The derivative instrument included in the mixed contract with the financial liability or the main non-financial contract is separated from the main contract and the instrument is accounted as an independent derivative, in case the economic characteristics and risks are not closely related to the main contract, with another independent instrument with the same terms and conditions that meets the definition of derivative without measuring the mixed contract at fair value through the consolidated statement of comprehensive income. Implicit derivative instruments are measured at fair value with changes in fair value included in the the consolidated statement of comprehensive income. Reestimation occurs only if there is a change in the terms and conditions of the contract that would substantially adjust cash flows or reclassify the financial asset off the fair value through the consolidated statement of comprehensive income.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the consolidated Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises the liabilities associated to asset. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3-7 Financial instruments (continued)

Financial assets (continued)

Impairment on financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through consolidated comprehensive income. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). either for those credit exposures for which there has been a significant increase . in credit risk since initial recognition, an expected loss allowance is required over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date after forming a provision for accounts receivables not expected to be collected. The Group has made a provision matrix that is based on the experience of prior credit losses, adjusted to future factors related to debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there is a substantial increase in credit risk when contractual payments are due for more than 60 to 90 days more than the due date.

The Group considers a financial asset in default when contractual payments are 90 days. In some cases, the Group may also consider that the financial asset to be in default when internal and external information indicates that the Group is not probable not receive the full existing contractual amounts before taking into account the credit improvements held by the Group. A financial asset is written off in the case there is no reasonable expectation of from the contractual cash flows.

<u>Financial liabilities</u>

Recognition and initial measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through the consolidated statement of comprehensive income - as borrowings and loans - and payables. All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payable, accruals, loans, islamic murabaha contracts, including facilities for bank overdrafts.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below: Financial liabilities at fair value through the consolidated statement of comprehensive income include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through the consolidated statement of comprehensive income.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Implicit independent derivatives are also classified as held for trading unless they are classified as effective hedges.
Gains or losses on liabilities held for trading are recognised in the consolidated statement of comprehensive income. Financial liabilities designated upon initial recognition at fair value through consolidated statement of comprehensive income are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3-7 Financial instruments (continued)

Financial liabilities (continued)

Financial liabilities at amortised cost (borrowings).
This is the category most relevant to the Group. After initial recognition, borrowings bearing interests are subsequently measured at amortised cost using the effective interest method ("EIR"). Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognized as well as through the EIM amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.

Derecognition
Financial liabilities are derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recorded in the consolidated statement of comprehensive income. -

Offsetting of financial instruments

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

3-8 Biological assets
Biological assets are measured at fair value less cost to sell. The selling costs include the additional costs of selling and the estimated costs of transporting it to the market, but not the financing costs. Palm trees are seed bearing plants and thus are presented and accounted for as property, plant and equipment. However, dates that grow on trees are accounted for as biological assets up to harvest date. Date harvest is transferred to inventories at fair value less costs to sell at harvest. Changes in the fair value of the fruits before harvest are recognized in the statement of income.
Farming costs such as water charges, labor costs and fertilizers charges are expensed as incurred.

3-9 Inventories
Inventories are measured at the lower of cost and net realizable value. The cost of inventories is determined on weighted average basis and includes expenditure incurred in bringing them to their existing location and condition. The cost of goods includes all transportation and preparation costs. Net realizable value is the estimated selling price in the ordinary course of business after deducting the estimated costs of completion and sale.

3-10 Cash and Cash Equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with maturities of three months or less from the date of the original investment, which are available to the Company without any restrictions, and the consolidated statement of cash flows statement are prepared according to the indirect method.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3-11 Employees benefit obligations defined

General description of the defined employee benefit liabilities plan
The Group is required by law to pay end of service benefits (defined benefit plan) in accordance with the Saudi Labor Law. The benefit of the end of service benefit equals half the salary of the last month of each of the first five years of service, including the fractions of the year, in addition to the salary of the last month in full for each year of the remaining subsequent service,

including fractions of the year. The end of service benefit plan is unfunded.

End of service benefits
The defined benefit plan is a compensation plan paid to employees after their services are completed and in accordance with the Saudi Labor Law, the Group makes payments to employees upon completion of their services, which are usually based on years of service, salary and reason of termination.

Evaluation methodology and key assumptions for the actuarial study
In compliance with the requirements of IAS 19 “Employee Benefits”, the end of service indemnity is determined by actuarial valuation using the projected unit credit actuarial cost method at the end of each financial year. Re-measurement is recognized in the consolidated statements of comprehensive income and is not included in profit or loss. The cost of the previous service is calculated in profit or loss during the plan adjustment period. Interest is calculated by applying the discount rate at the beginning of the period to the specified employee benefit liability.

The cost of the current service of the defined benefit plan is recognized in the statement of income under employee benefit expense to reflect the increase in the liability resulting from staff services for the current year and the cases of change, reduction or adjustment of benefits. Service costs for the previous years are directly are recognized in statement of income.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are charged in equity in the consolidated statement of other comprehensive income in the period in which they arise.
Defined benefit costs are classified as follows:

- Cost of service (including current service costs, past service cost, as well as gains and losses resulting from the scaling up and reimbursement of staff benefits);
- Interest cost; and
- Re- measurements

Short term employee benefits
Liabilities are recognized and measured for benefits in respect of wages, salaries, annual leave and sick leave in the period in which they are rendered in the undiscounted amounts of the benefits expected to be paid for these services.

Retirement benefit costs
The Group contributes to the retirement benefits of employees in accordance with the regulations of the General Organization for Social Insurance and is calculated as a percentage of the employees' remuneration. Payments are treated to government-managed pension benefit plans as payments to specific contribution plans as the Group's liabilities against these plans are equivalent to those that arise in a defined contribution retirement plan. Payments to retirement benefit plans are charged as an expense when due.

3.12 Allowances
An allowance is recognised if the Group has a present (legal or contractual) obligations at the reporting date arising from previous events and the payment of the obligation may result in outflow of economic benefits and can be reliably measured. Provisions are determined by discounting the expected future cash flows at a pre-tax and Zakat rate that reflects current market assessments of the time value of money and the risks to the liability.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3-13 Zakat and tax

Zakat

Zakat is calculated for parent company and its subsidiaries in accordance with the financial regulations applied in KSA. The provision is charged to the consolidated statement of income. Additional amounts, if any, that may be due at the time of the final assessments during the year in which the final assessments are finalized.

Tax on sales

Income, expenses and assets are recognized at net value (less tax sales) except in the following cases:

- If tax sales are earned on the acquisition of assets or services that are not recoverable from the GAZT, in which case tax sales are recognized as part of the cost of purchasing the asset or part of the expenses according to the case.
- Include payables and receivables in the amount of tax sales.

Net tax sales that are recoverable are recognized in sales from - paid to - GAZT within payables and receivables in the balance sheet.

3-14 Dividends

Initial dividends are recorded in the period in which they are approved by the Board of Directors. Final dividends are recorded in the period in which they were approved by the general assembly of shareholders.

3-15 Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right to use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities for lease modifications. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are subject to impairment. Refer to the accounting policies in section “Impairment of non-financial assets”.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce Inventories) in the period in which the payment is made.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such Payments payments) or a change in the assessment of an option to purchase the underlying asset.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3-15 Leases (continued)

(3) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.16 Revenue from contracts with customers
The revenues are measured based on the consideration specified in the contract with the customer and the Group recognizes the revenues when it transfers control over the goods or service to the customer over a period of time or at a point in time.

a) Providing services (real estate management and marketing/ maintenance revenues)
Revenues from services rendered are recognized in the statement of income of income in proportion with the transaction completion rate at the report date for long-term contracts. The completion rate is assessed by reference to the surveys about the work completed. Revenues from other short-term services are recognized when the service is provided.

b) Hotel services revenues
Revenues from hotel accommodation, hotel rental services, food and beverage services and sales from owned and leased hotels under the Group's trademark are recognized. Revenues from occupying the rooms, sales, food and beverage are recognized when service is provided.

c) Leases revenues (revenue of real estate leases)
The leases revenues from investment property are recognized in the statement of income on a straight-line-basis over the lease period. Rental incentives granted are included as part of total rental payments over the lease period.

3.17 Revenues and costs of financing
The financing revenues include Islamic murabaha on money invested in funds and the dividends revenues recognized in the statement of income.
Revenues from Islamic murabaha are realized in the statement of income on the basis of maturity using the actual interest method.

The cost of finance includes interest expense on loans, provision for discount reduction, and impairment losses for financial asset. The cost of finance is recognized, which is not directly attributable to the acquisition or creation or production of an eligible asset, in profit or loss using the actual interest method.

3.18 Expenses
Marketing expenses and general and administrative expenses include direct and indirect costs not specifically part of cost of revenue. Selling and marketing expenses are those arising from the Group efforts underlying the selling and marketing functions.

All other expenses, except cost of revenue and financing charges, are classified as general and administrative expenses. Allocations of common expenses between cost of revenue and selling, marketing, general and administrative expenses, when required, are made on a consistent basis.

3.19 Segment reporting
A business segment is group of assets, operations and entities:
(i) engaged in business activities from which it earns revenue and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components;
(ii) the results of its operations are continuously analysed by chief operating decision maker in order to make decisions related to resource allocation and performance assessment (for which financial information is discretely available).

4- CHANGES IN ACCOUNTING POLICIES OF THE COMPANY

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards which are effective from 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Several other amendments and interpretations been applied for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group.

4-1 Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

4-2 Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

The amendment to IFRS 9 and IAS 39 “financial Instruments: recognition and measurement” provide a number of exemptions that apply to all hedge relationships that are directly impacted by Interest Rate Benchmark Reform. Hedge relationship is affected by whether the Interest Rate Benchmark Reform led to increases of uncertainty about the timing and/or amount of cash flows from the hedged item or instrument associated with the interest rate. These amendments have no effect on the Group's consolidated financial statements as the Group does not have interest rate hedging relationships.

4-3 Amendments to IAS 1 and IAS 8: Definition of Material

The new definition states that, ’Information is material if omitting, misstating or recognised be reasonably to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements.

4.3 Amendments to IAS 1 and IAS 8: Definition of Material (continued)

The misinterpretation of information shall be significant if it is reasonable to expect that the information will impact the decisions made by the main users. These amendments had no impact on the consolidated financial statements, and not expected to have any future impact to the Group.

4-4 Conceptual Framework for Financial Reporting issued on 29 March 2018

The conceptual framework is not standard and none of the concepts contained in it shall exceed any concepts or requirements in any standard. The purpose of the conceptual framework is to assist the International Accounting Standards Board in developing standards and assist financial statements regulators in developing consistent accounting policies in case where applicable standards are met and to assist all parties to understand and interpret standards. The revised conceptual framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments have no impact on the Group’s consolidated financial statements.

4-5 Amendments to IFRS (16) "Lease Concessions related to Covid-19 ”

On May 28, 2020, the International Accounting Standards Board issued lease concessions related to Covid-19 - amendment to IFRS (16) "Leases". The amendments provide an exemption for lessees from applying the IFRS (16) guidelines on accounting of leases amendments for lease concessions which resulted directly from Covid-19 epidemic. As practical means, the lessee may select not to evaluate whether the lease concession associated with Covid-19 from the lessor is an amendment to the lease. The lessee who makes this choice shall account for any change in the rental payments resulting from the lease concession associated with Covid-19

4- CHANGES IN ACCOUNTING POLICIES OF THE COMPANY (continued)

4-5 Amendments to IFRS (16)(continually) "Lease Concessions related to Covid-19 " (continued)

in the same way he interprets the change under IFRS (16) is the change is not an amendment to the lease.

The amendments apply to annual periods beginning on 1 June 2020 and must be applied prospectively. Accordingly, the Group obtained a discount from some lessors, and so depreciation expense of right of use assets was reduced (see note 10).

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. The Group studies the expected effect of the amendments on its financial statements.

5.1 Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- • What is meant by a right to defer settlement
- • That a right to defer must exist at the end of the reporting period
- • That classification is unaffected by the likelihood that an entity will exercise its deferral right
- • That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group studies the expected effect of the amendments on its financial statements.

5-2 Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 "Levies", if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

The amendments are not expected to have a material impact on the Group.

5-3 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

5-4 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The amendments are not expected to have a material impact on the Group.

5-5 IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

These amendments are not relevant to the Group.

5.6 IFRS 9 Financial Instruments – Fees in the 10% test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies

the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

5-7 IAS 41 Agriculture – Taxation in fair value measurements
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Group.

6- SEGMENT REPORTING

For administrative purposes, the Group consists of business units based on products and services provided by it and it has several sectors for which the report is prepared as follows: For management purposes, the Group consists of business units in accordance to its operations and has the following sectors that shall be reported:

أ) A) Real estate sector - includes leasing services and commercial centers owned by the Group, and this is one of the major sectors of the Group.

b) Tourism sector - includes the operation and accommodation of hotels, hotel suites and tourist resorts.

D) Agriculture sector - includes the activity of planting and selling dates and some other agricultural products.

e) Headquarter - includes the Company's Headquarter and the financial information regarding other investments owned by the Group.

The sectors' performance is evaluated based on income or loss and measured based on fixed basis in accordance with profit or loss in the consolidated financial statements. However, the group's financing (including financial burdens) are managed on the Group level basis and not distributed to the operating sectors and revenues.

The Group and its subsidiaries activities occur in KSA. The following is an analysis to the sector information:

	Real Estate	Tourism	Agriculture	Headquarter	Elimination of inter segment revenue	Total
2021						
Revenues	**79,769,589**	**50,126,250**	**1,843,360**	**-**	**(803,978)**	**130,935,221**
Costs of revenues (without depreciation)	**(17,944,039)**	**(46,503,886)**	**(5,337,627)**	**-**	**803,978**	**(68,981,574)**
Depreciation and amortization	**(3,522,982)**	**(18,204,640)**	**-**	**-**	**-**	**(21,727,622)**
Gross segment profit	**58,302,568**	**(14,582,276)**	**(3,494,267)**	**-**	**-**	**40,226,025**
Segment assets	**237,642,726**	**1,284,344,928**	**79,072,592**	**2,379,901,464**	**(42,496,701)**	**3,938,465,009**
Segment liabilities	**17,146,864**	**43,558,483**	**843,735**	**278,205,865**	**(42,496,701)**	**297,258,246**
2020						
Revenues	174,682,743	46,225,757	2,517,640	–	(2,472,527)	220,953,613
Costs of revenues (without depreciation)	(19,713,342)	(50,191,005)	(7,437,512)	–	2,472,527	(74,869,332)
Depreciation and amortization	(6,722,454)	(16,125,109)	–	–	–	(22,847,563)
Gross segment profit	148,246,947	(20,090,357)	(4,919,872)	–	–	123,236,718
Segment assets	620,577,753	929,438,777	94,324,635	2,338,459,643	(56,085,235)	3,926,715,573
Segment liabilities	17,035,479	51,122,933	1,674,437	215,304,685	(56,085,235)	229,052,299

7- PROPERTIES, PLANTS AND EQUIPMENTS

7-1 Movement in properties, plants and equipments during the year ended December 31, 2021 are as follows:

	Land SR	Building SR	Properties and equipments SR	Projects under development SR	Motor Vehicles SR	Bearer plant SR	Non-bearer plant SR	Total SR
Cost:								
At the beginning of year	**1,308,729,207**	**694,694,477**	**142,969,428**	**26,744,259**	**3,608,913**	**63,614,833**	**11,215,170**	**2,251,576,287**
Addition	52,691,927	24,750,013	6,678,707	75,332,053	–	–	1,162,239	**160,614,939**
Disposals	–	(64,568,023)	(7,358,908)	–	(1,372,169)	–	–	**(73,299,100)**
Transfer	–	–	–	–	–	12,377,409	(12,377,409)	–
Transferred from investment property	173,911,840	136,969,738	28,064,826	–	–	–	–	**338,946,404**
Balance at the end of year	**1,535,332,974**	**791,846,205**	**170,354,053**	**102,076,312**	**2,236,744**	**75,992,242**	**-**	**2,677,838,530**
Depreciation Impairment								
At the beginning of year	**234,056**	**171,959,690**	**97,920,956**	**-**	**3,208,620**	**10,637,118**	**-**	**283,960,440**
Charge for the year	–	12,503,617	7,706,900	–	166,408	1,272,297	–	**21,649,222**
Disposals	–	(60,252,624)	(7,143,645)	–	(1,372,164)	–	–	**(68,768,433)**
Impairment losses	–	–	337,643	–	–	6,353,277	–	**6,690,920**
Transferred to investment property	–	29,293,836	18,302,836	–	–	–	–	**47,596,672**
Balance at the end of year	**234,056**	**153,504,519**	**117,124,690**	**-**	**2,002,864**	**18,262,692**	**-**	**291,128,821**
Net book values as at 31 December 2021	**1,535,098,918**	**638,341,686**	**53,229,363**	**102,076,312**	**233,880**	**57,729,550**	**-**	**2,386,709,709**

7 PROPERTIES, PLANTS AND EQUIPMENTS (continued)

7-2 Movement in properties, plants and equipments during the year ended December 31, 2020 are as follows:

	Land SR	Building SR	Properties and equipments SR	Projects under development SR	Motor Vehicles SR	Bearer plant SR	Non-bearer plant SR	Total SR
Cost:								
At the beginning of year	1,170,488,289	693,698,052	145,123,615	8,324,826	3,983,954	63,614,833	10,022,376	2,095,255,945
Addition	139,112,168	2,035,748	1,674,342	18,597,633	21,739	–	1,192,794	162,634,424
Disposals	(871,250)	(1,039,323)	(3,828,529)	(178,200)	(396,780)	–	–	(6,314,082)
Balance at end of the year	1,308,729,207	694,694,477	142,969,428	26,744,259	3,608,913	63,614,833	11,215,170	2,251,576,287
Depreciation and Impairment:								
At the beginning of year	–	160,093,177	94,709,144	–	3,382,908	9,364,821	–	267,550,050
Charge for the year	–	11,970,090	6,234,956	–	202,111	1,272,297	–	19,679,454
Disposals	–	(103,577)	(3,023,144)	–	(376,399)	–	–	(3,503,120)
Impairment losses	234,056	–	–	–	–	–	–	234,056
Balance at end of the year	234,056	171,959,690	97,920,956	–	3,208,620	10,637,118	–	283,960,440
Net book values as at 31 December 2020	1,308,495,151	522,734,787	45,048,472	26,744,259	400,293	52,977,715	11,215,170	1,967,615,847

7 PROPERTIES, PLANTS AND EQUIPMENTS (continued)

7-3 Depreciation charged is detailed below:

	Note	**2021**	2020
Cost of revenue		**20,051,361**	18,491,376
General and administrative expenses	31	**1,597,861**	1,188,078
		21,649,222	19,679,454

7-4 The group has conducted a study on the recoverable value of the projects and based on land valuation by an external evaluator (Value Strat) accredited by the Saudi Authority for Accredited Valuables (“TAQEEM”), to determine the fair value of properties, the fair value has been determined using the market value of the property. The market value of the property is determined using the market approach in addition to the cost and the income capitalization approach (net initial return). Any significant movement in the assumptions used in the fair valuation of investment properties, such as the discount rate, return, rental growth, etc., will result in a significantly lower / higher fair value for these assets. No impairment in the assets values other than the recorded.

7-5 Projects under development represent capital expenditures of constructing hotels on the Group’s lands.

7-6 On 10 Dhul-Qi'dah 1442H (corresponding 20 June, 2021), AL Aqeeq Real Estate Development Company (wholly owned by Taiba) signed a consensual termination agreement for the lease of al-Majidi Residential Center signed with Elaf Hotels Co., Ltd. located in the central area of the Al Madinah Al-Manwara, which is owned by Al Aqeeq Real Estate Development Company, which shall be effective as of May 17, 1442H (corresponding 1 January 2021). Accordingly, an amount of SR 7.5 million has been recognized as other operating expenses resulting from the termination of the contract. And not expensing the due income related to the grace period of the contract, although the operation of the center will continue and will be managed directly by Al Aqeeq Real Estate Development Company. Therefore, the book value of cost al-Majidi Residential Center has been reclassified from investment properties to properties, plants and equipments.

7-7 Management evaluated agricultural land containing a various set of palms, wells and some equipments and properties owned by TADIC (owned by Taiba Investment for 54.8%) by a Real Estate independent external valuer (Talal Safar Al Omari for Real Estate Valuation) and the fair value was determined using the market approache according to the comparative sales method. Consequently, an impairment in value of SR 6.7 million was recorded.

7.8 Properties includes a plot of land located in Riyadh owned by the Group with a book value of SR 96 million which is pledged with a local bank against business project loan to carry out a business on.

7-9 As a result of the ARAC liquidation decision on June 27, 2021, where buildings, properties and equipments with a book value of SR 4.3 million were disposed. A capital gains of SR 371 thousand was realized.

8- INTANGIBLE ASSETS

	2021	2020
Cost		
At the beginning of the year	**9,347,795**	6,640,634
Addition	**662,337**	2,707,161
Disposals (8-1)	**(4,188,661)**	–
Balance at the end of year	**5,821,471**	9,347,795
Accumulated amortisation		
At the beginning of year	**6,439,591**	5,985,114
Amortization during the year	**737,694**	454,477
Disposals (8-1)	**(4,115,259)**	–
Balance at the end of year	**3,062,026**	6,439,591
Net carrying amount	**2,759,445**	2,908,204

8-1 Intangible assets represent systems and technical programs used by the Group, and they dispose technical systems which licenses have not been renewed.

9- INVESTMENT PROPERTIES

	Land	Building	Properties and equipments	Furniture and office Supplies	Total
Cost					
At the beginning of the year	305,820,720	260,921,750	39,760,049	5,952,072	612,454,591
Additions during the year	-	-	340,000	720,935	1,060,935
Transfer to properties and equipments	(173,911,840)	(136,969,738)	(26,299,899)	(1,764,927)	(338,946,404)
Balance at the end of year	**131,908,880**	**123,952,012**	**13,800,150**	**4,908,080**	**274,569,122**
Accumulated depreciation					
At the beginning of the year	-	54,995,807	25,537,761	3,742,116	84,275,684
Depreciation for the year	-	2,089,037	620,530	671,105	3,380,672
Transfer to properties and equipments	-	(29,293,836)	(17,094,935)	(1,207,901)	(47,596,672)
Balance at the end of year	-	**27,791,008**	**9,063,356**	**3,205,320**	**40,059,684**
Net carrying amount					
As at 31 December 2021	**131,908,880**	**96,161,004**	**4,736,794**	**1,702,760**	**234,509,438**
At 31 December 2020	305,820,720	205,925,943	14,222,288	2,209,956	528,178,907

9- INVESTMENT PROPERTIES (continued))

Fair value estimation

9-1 Investment properties for the Group consists of 4 commercial properties in Al Madina Al Munawarah mainly offices, buildings and shops fully leased to other parties.

9-2 The fair value of investment properties amounted to SR 3.60 billion (2020: SR 4.28 billion). During 2021 one of the rented hotels was reclassified from investment properties to properties, plants and equipments due to termination of contract with the lessor and the hotel will be self operated. The fair value was determined by an independent external real estate evaluator (Value Strat) accredited by the Saudi Authority for Accredited Valuers ("TAQEEM") to determine the fair value of investment properties, and the fair value was determined using the market value of the property. The market value of real estate has been defined using the cost approach and income capitalization approach (net initial return). Any significant movement in the assumptions used in the fair valuation of investment properties, such as the discount rate, return, rental growth, etc., will result in a significantly lower / higher fair value for these assets.

9.3 On March 12, 2020, through the sale agreement of Taiba Contracting and Maintenance Company Limited (TACOMA) to transfer the land and buildings on amounted to SR 4.3 million for the benefit of the Group under the terms of the agreement. Therefore the land and buildings on were reclassified within investment property. The legal procedures for transferring the ownership of land and buildings on are still under progress until the date of the consolidated financial statements.

10- RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The values below are the carrying value for right of use assets of the Company and lease liabilities and movements during the year which comprise of hotel suites rented for the purpose of operation which is amortized over 10 years or lease term whichever is shorter.

Right-of-use assets	**2021**	2020
Balance at beginning of the year	**2,362,867**	96,167
Additions during the year (10-1)	**15,179,192**	6,814,387
Charged during the year	**(2,642,882)**	(3,756,395)
Disposals (10-1)	**(8,742,881)**	(43,167)
Installments reduced (10-2)	**(2,238,983)**	(748,125)
Balance at the end of year	**3,917,313**	2,362,867

Lease liabilities		
Balance at beginning of the year	**4,451,454**	–
Additions during the year (10 -1)	**15,314,784**	6,395,332
Financing expenses	**330,663**	236,924
Disposals (10-1)	**(8,122,478)**	(43,167)
Installments reduced (10 -2)	**(2,238,983)**	(748,125)
Paid during the year	**(3,719,403)**	(1,389,510)
Balance at the end of year	**6,016,037**	4,451,454
Less: Current portion	**6,016,037**	3,334,947
Non-current portion	**-**	1,116,507

10- 1 Additions include new contracts as a result of signing lease contracts during the year for the Taiba hotel suites. The Group also terminated all leases and signed new contracts for Al Aqeeq Real Estate Development Company as a result of the liquidation decision issued for ARAC on June 27, 2021.

10 -2 The Company obtained a discount from some of the suites' owners, thus reducing the depreciation expense and the related obligations.

11- FINANCIAL ASSETS AT FVOCI

	Note	2021	2020
Listed financial assets	11 – 1	**667,194,206**	845,224,234
Non-listed financial assets	11 – 2	**97,016,985**	86,884,027
Total		**764,211,191**	932,108,261
Less: Current portion		**402,228,398**	-
Non-current portion		**361,982,793**	932,108,261

11-1 Listed financial assets

Name	Shareholder Direct (%) **2021**	2020	2021	2020
Saudi Arabian Fertilizer Company (11-4)	**0.48%**	1.91%	**402,228,398**	640,266,250
Knowledge Economic City Company	**3.20%**	3.20%	**175,497,600**	129,016,800
Makkah Construction and Development Company	**0.72%**	0.72%	**89,468,208**	75,941,184
Total			**667,194,206**	845,224,234

11-2 Unlisted financial assets

Name	Shareholder Direct (%) **2021**	2020	2021	2020
Kinan International Real Estate Development Company (11 -5)	**2,33%**	2,33%	**29,264,824**	36,811,930
Development Company Knowledge Economic City	**5,01%**	5,01%	**67,752,161**	50,072,097
Total			**97,016,985**	86,884,027

11-3 The movement during the year represents the financial assets at fair value through other comprehensive income as follows:

	Note	2021	2020
Balance at beginning of the year		**932,108,261**	897,439,436
Unrealized revenues		**788,173,711**	34,668,825
Selling of shares (note 11-4)		**(944,552,221)**	-
Compensation against reducing capital (note 11-5)		**(11,518,560)**	-
Balance at the end of year		**764,211,191**	932,108,261

11-4 During 2021, it was decided to start selling shares owned by Taiba in Saudi Arabian Fertilizer Company, therefore, 5.7 million shares were sold, resulting in a net profit of SR 355.5 million, which was directly recognized in the retained earnings, and the remaining 2.3 million shares were reclassfied in the current assets.

11- FINANCIAL ASSETS AT FVOCI (continued)

11-5 During 2021, Kinan International Real Estate Development Company's capital was reduced by cancelling 49.4 million shares and compensating shareholders at the nominal value of the share. Taiba share of total compensation amount was SR 11.5 million.

12- INVESTMENTS IN ASSOCIATES

Name	**Principle business sector**	**Country of incorporation**	Shareholder Direct (%)			
			2021	2020	**2021**	2020
Al-Seera City Company for Real Estate Development	Investment properties	Kingdom of Saudi Arabia	**20%**	20%	**71,854,815**	72,056,055
Madinah Dates Company - Dates	Date manufacturing	Kingdom of Saudi Arabia	**35%**	35%	-	5,335,304
Saudi Heritage Hospitality Company	Provision of touristic services	Kingdom of Saudi Arabia	**30%**	30%	**8,147,608**	5,688,941
Madinah Airport Hotel Company	Rendering of hotel services	Kingdom of Saudi Arabia	**33,33%**	33,33%	-	–
					80,002,423	83,080,300

12-1 Movements in investments in associates is as follows:

	2021	2020
Balance at beginning of the year	**83,080,300**	91,588,117
Share of results	**(3,077,877)**	(8,507,817)
Balance at end of the year	**80,002,423**	83,080,300

12-2 The partners agreed to liquidate Saudi Heritage Hospitality Company during the extraordinary assembly meeting of the Company on August 21, 2019. The legal procedures for liquidation are under process to the date of preparing the financial statements.

12-3 As at 31 December 2021, Madinah Airport Hotel Company has incurred accumulated losses that exceeded the book value of the investment, and the Group has continued to recorded additional losses during the period amounting to SR 10,9 million (31 December 2019: SR 10,7 million) so that the total balance of provision for losses made as at 31 December 2021 amounted to SR 31,1 million (31 December 2020: SR 20,2 million) due to the legal and contractual obligations of financial support for that Company to meet its financial obligations as and when they fall due (Notes No. 25).

12-4 During the year 2020, the sale of the group's entire share in Oasis Fiberglass Company amounted to 29.5% with a total amount of SR 15,5 million, resulting in a discounted realized profits of SR 10,7 million using the current value of future cash payments. An amount of SR 488 thousands was received from the sale value as a first installment, and the remaining amount to be paid on 15 equal quarterly installments. The first installment of which will begin on June 30, 2022, and on December 31, 2021 and amount of SR 3 million was recorded as current, while the remaining SR 8.8 million was recorded as other non-current assets after deducting revaluation revenues.

12- INVESTMENT IN ASSOCIATES (continued)

12-5 The following table summarizes the financial information of significant Companies accounted at equity method included in their own financial statements. The table also reconciles the summarized financial information to the carrying amount of Group's interest in equity accounted Companies:

	Madinah Airport Hotel Company		Al-Seera City Company for Real Estate Development		Madinah Dates Company - Dates		Saudi Heritage Hospitality Company	
	31/12/2021	30/09/2020	**30/09/2021**	30/09/2020	**30/06/2021**	30/06/2020	**31/12/2021**	30/06/2020
Percentage of ownership interest	**33,33%**	33,33%	**20%**	20%	**35%**	35%	**30%**	30%
Assets	**128,532,595**	155,121,106	**360,923,945**	362,806,295	**49,444,481**	49,444,481	**43,409,780**	43,409,780
Liabilities	**221,853,607**	208,848,957	**1,340,474**	1,618,909	**10,204,349**	10,204,349	**681,562**	681,562
Revenues	**4,674,519**	9,204,121	**-**	-	**13,864,812**	13,864,812	**343,262**	343,262
Total comprehensive income / (loss) attributable to shareholders	**(24,808,222)**	(13,666,625)	**(928,194)**	(2,721,335)	**1,793,436**	1,793,436	**(2,623,207)**	(2,623,207)
Share of the Group in other comprehensive income	**(8,269,407)**	(4,555,086)	**(185,639)**	(544,267)	**627,703**	627,703	**(786,962)**	(786,962)

* The financial statements on these dates represent the latest financial statements available to these companies in the date of preparing the financial statements of Taiba Investment Company for the current year and comparative year. The Group estimate and recognize its share in the results of associates in case there is no recent financial statements.

13- INVENTORIES

	2021	2020
Dates	**4,474,539**	8,500,710
Spare parts	**2,523,274**	2,520,881
Other supplements	**779,277**	1,164,885
	7,777,090	12,186,476
Less: Allowance of impairment for inventory	**(6,597,871)**	(6,197,277)
	1,179,219	5,989,199

Movement of the provision of impairment in slow moving inventory:

	2021	2020
Balance at beginning of the year	**6,197,277**	1,677,809
Provided during the year	**4,339,378**	4,519,468
Reverse of during the year	**(3,938,784)**	–
Balance at end of the year	**6,597,871**	6,197,277

14- BIOLOGICAL ASSETS

	2021	2020
Balance at beginning of the year	**1,535,915**	2,338,091
Addition	**4,558,397**	6,544,922
Transfers to inventory	**(5,208,824)**	(7,347,098)
Balance at end of the year	**885,488**	1,535,915

Biological assets are represented in palm farms owned by the Group.

15- TRADE RECEIVABLES

	2021	2020
Trade receivable	**153,428,249**	97,868,417
Less: Allowance of trade receivables	**(138,285,929)**	(78,925,905)
Balance at end of the year	**15,142,320**	18,942,512

The movement in allowance of in trade receivables:

	2021	2020
Balance at beginning of the year	**78,925,905**	12,523,152
Charge for the year	**61,277,406**	65,704,128
Write off allowance for trade receivables	**(1,917,382)**	(102,559)
Transferred balance from allowance of related parties	**-**	801,184
Balance at end of the year	**138,285,929**	78,925,905

Information about the Group's exposure to credit and market risks and impairment losses in value of trade receivables is presented in Note 37.

16- RELATED PARTIES

Related parties include the Group's shareholders and their relatives up to the fourth degree, associated and affiliated companies and directors and key management personnel of the Group. Terms and conditions of these transactions are approved by the Group's management. The following are the significant transactions with related parties and the resulting balances for the year ended December 31:

16-1 Related party and balances

Name	Relationship type	Nature of transactions	Amount of transactions 2021	2020	Closing balance 2021	2020
Due from related parties						
Madinah Airport Company - Associate		Finance	**-**	-	**22,496,498**	22,496,498
					22,496,498	22,496,498
Less:						
Impairment in related parties					**(3,259,267)**	(3,259,267)
					19,237,231	19,237,231
Due to related parties						
Owners of Taiba Residential and Commercial Center	Associated foundation	Maintenance services	**2,227,815**	5,587,752		
		Operating expenses	**5,868,226**	6,254,762	**5,019,472**	6,963,872
					5,019,472	6,963,872

16-2 Key management personnel transactions

	2021	2020
Directors' incentives and remuneration	**4,399,182**	4,595,396
Directors' incentives and remuneration of subsidiaries'	**391,500**	822,132
Salaries, allowances bonuses of senior executives	**10,697,405**	10,052,158
	15,488,087	15,469,686

During the year, an amount of SR 600 thousand (not included VAT) was paid to Strata International Information Technology (2020: SR 958 thousand) (and to a member of the Board of Directors of Taiba Investment, Mr. Ghassan bin Yasser Shalabi) who has direct interest as per the following details:

- SR 600 thousand as a value of licensees paid through Strata International to the programming companies (2020: SR 483 thousand).

17- PREPAYMENTS AND OTHER CURRENT ASSETS

	2021	2020
Accruals of VAT	**6,802,247**	572,860
Prepaid expenses	**4,662,051**	1,992,992
Prepayments - Suppliers	**3,249,217**	1,909,264
Current installments from sale of Waha for Galss Fabrics	**3,000,000**	-
Employees receivables	**669,490**	1,528,154
Deferred staff costs	**253,795**	288,658
Accrued revenues	**82,500**	891,556
Accruals from selling Taiba for Taiba Contracting and Maintenance Company Limited	**-**	2,000,000
Others	**1,272,498**	1,952,644
	19,991,798	11,136,128
Less: Impairment losses on other receivables	**(862,873)**	(1,097,328)
	19,128,925	10,038,800

18- SHORT TERM LOAN

No Murabaha Investments for more than 90 days for the current year (2020: SR 200 million) at a rate of 2% due withing 96 days, and an amount to SR 20 million at a rate of 0.2% and due within 92 days).

19- CASH AND CASH EQUIVALENTS

	2021	2020
Bank balances*****	**302,012,254**	124,030,113
Short-term Murabaha**	**100,000,000**	–
	402,012,254	124,030,113

* The bank balances include restricted cash held by the Group amounted to SR 106.4 million as at 31 December 2021 (2020: SR 94,7 million), which are related to dividends due to the Group's shareholders, and this balance is not available for the general use of the Company.

** Investments in Islamic Murabaha represent a rate of 1.1% and due withing 45 days (2020: nil).

20- STATUTORY RESERVE

In accordance with Companies Regulations in Saudi Arabia and the Company's By-Laws, the Company is required to set aside 10% of its net annual income to a statutory for the Company, and the ordinary General Assembly can decide to stop this transferring to the above mentioned reserve when it reaches 30% of paid share capital. As such condition is achieved, the Company decided to stop such transfers and this reserve is not available for distribution.

21- OTHER GENERAL RESERVE

In accordance with the Company's By-Laws, the General Assembly may decide to form other reserve to the extent that achieves the Group's interest.

22- NON-CONTROLLING INTERESTS

	2021	2020
Balance at beginning of the year	**41,892,559**	46,232,678
loss for the year	**(6,553,396)**	(3,318,298)
Other comprehensive income (loss)	**37,464**	(10,483)
Total comprehensive loss	**(6,515,932)**	(3,328,781)
Net movement in non-controlling interests	**(5,418)**	(1,011,338)
Balance at the end of year	**35,371,209**	41,892,559

23- DEFINED EMPLOYEES' BENEFITS OBLIGATIONS

	2021	2020
Defined benefit obligation		
End-of-service benefits	**13,514,111**	14,781,625

End-of-service benefits

End-of-service benefits are mandatory for all employees in Saudi Arabia under Saudi Labor provisions and the Company's employment policies. End-of-service benefits are based on employee compensation and accumulated periods of service that are payable upon termination, resignation or retirement. defined benefits obligation in respect of end of service benefits scheme are calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. This amount is discounted using the appropriate discount rate to determine the current value for the Company's obligation. These are unfunded benifits. The remeasurement is immediately recorded in the financial position with a debit/credit against the retained earnings through other comprehensive income in the period in which it occurs. Re-measurements are not reclassified in the statement of income in subsequent periods.

The following table shows the movement in defined benefits obligation at 31 December:

	2021	2020
Defined benefits obligation at beginning of the year	**14,781,625**	11,409,193
Included in the consolidated statement of income		
Cost of current service	**2,672,332**	3,243,638
Transfer between the Group's companies	**712,370**	-
Cost Interest on defined benefit obligation	**228,462**	390,552
	3,613,164	3,634,190
Included in the consolidated statement of other comprehensive income		
Re-measurements of defined employee benefits liability from continued operations	**(626,620)**	1,112,212
Payments and Settlment during the year	**(4,254,058)**	(1,373,970)
	13,514,111	14,781,625

23- DEFINED EMPLOYEES' BENEFITS OBLIGATIONS (continued)

Sensitivity defined benefits liability

		2021	2020
	Base	**13,514,111**	14,655,461
Discount rate	1% increase	**12,610,086**	13,593,810
	1% decrease	**14,545,276**	15,873,597
Rate of change in salaries	1% increase	**14,518,290**	15,838,159
	1% decrease	**12,614,873**	13,602,086

Following is asumption of a statistical study of employees - Membership data as at 31 December

	2021	2020
Number of employees	**382**	430
Average age of employees (years)	**37.9**	37.7
Average years of past service	**3,83**	4,46
Average resignation rate	**0,9%**	1,1%
Default retirement age	**60**	60
Mortality rate	**0,0%**	0,0%

Economic assumptions are summarised below:

According to IAS 19, actuarial assumptions must be unbiased and consistent with each other. The assumptions must express the best estimate by the Group's management of the variables that will be included in calculating the final cost of the end of service benefits. The basic assumptions used in this evaluation are explained below:

Discount rate	Key methodology and assumptions
2.05% annually	31 December 2020
2.46% annually	**31 December 2021**

24- LOANS AND FACILITIES

As at 31 December 2021, The Group has short-term bank facilities with some local banks with a total amount of SR 133 million (2020: SR 160 million) represented in a limit of credit alternatives and letters of guarantee and a short-term Tawarruq limit against financial charges equal to SAIBOR plus the agreed profit margin; credit facilities were used for bank guarantee letters only as at December 31, 2021 amounting to SR 2 million (2020: SR 14.35 million). These bank facilities are secured against promissory notes issued to the bank.

As at 23 July 2020, The Group signed credit facility agreement signed with a local bank to obtain long term loan amountingat to SR 1.4 billion, as per Tawarruq formula in accordance with the provisions of Islamic Sharia for a period of fourteen Gregorian years, including a four-year grace period, with real estate collateral, which is subsequently mortgaged and a promissory note with the amount of financing, for the purpose of financing some real estate projects for the Group. Non of the facilities were used until the date of the report.

25- TRADE AND OTHER PAYABLES

	2021	2020
Allowance for impairment of investment in associate	**31,107,004**	20,222,258
Third party margins	**23,179,946**	19,259,378
Accrued expenses	**22,722,478**	12,659,945
Provision for contingent issues obligations	**11,358,641**	2,270,800
Suppliers	**18,235,121**	2,205,385
Deferred rental revenues	**4,744,179**	8,965,586
Accruals of BOD members and committees	**3,271,333**	3,250,000
Prepayments customers	**-**	941,558
Other	**7,993,820**	6,230,670
	122,612,522	76,005,580

26- DIVIDENDS PAYABLE

The 39th Ordinary General Assembly on 29 March 2021 approved the recommendation of the Board of Directors on 16 December 2020 to distribute dividends for the second half of 2020, equivalent to 5% of the capital amounting to SR 80,2 million by SR 0,50 per share**.**

On 14 November 2021, the Group's Board of Directors approved distributing interim dividends for of the third quarter of 2021 equivalent to 40% of the capital amounting to SR 641.8 million by SR 4 per share.

	2021	2020
Balance at 1 January	**107,935,443**	102,453,789
Profits declared during the year	**722,058,674**	152,434,609
Dividend payments during the	**(709,366,717)**	(146,952,955)
Balance at 31 December	**120,627,400**	107,935,443

The Group also holds restricted cash amounting to to SR 106.4 million as at 31 December 2021 (2020: SR 94,7 million) in separate bank accounts related to dividends due to the Group's shareholders, and this balance is not available for the general use of the Group.

27- ZAKAT

27-1 Zakat charge

As at 2019, the Company and its fully owned subsidiaries are submitting a consolidated Zakat declaration on a consolidated basis. For subsidiaries with less than 100% ownership, they must file separate Zakat declarations. Before 2019, subsidiaries used to file separate zakat declarations on an unconsolidated basis. The main components of the Zakat base for each Company according to the Zakat and income tax system consist of shareholders’ equity, provisions at the beginning of the year and adjusted income less discounts for the adjusted net book value of property, equipment, investment properties and properties under development and investments.

Zakat charge for the year ended December 31 comprise the following:

	2021	2020
Current year	**20,621,823**	11,883,951
Previous years	**(356,746)**	(9,658,446)
	20,265,077	2,225,505

27- ZAKAT (continued)

27-2 Movement in Zakat provision

	2021	2020
Balance at 1 January	**18,914,325**	35,657,960
Charged during the year	**20,265,077**	12,567,180
Paid during the year	**(9,627,246)**	(18,969,140)
Settlements	**(83,452)**	(10,341,675)
Balance at 31 December	**29,468,704**	18,914,325

27-3 Zakat status of the Group's companies

<u>Company and its fully owned subsidiaries</u>

A consolidated Zakat declaration was submitted for both to Taiba Investment Company and Al Aqeeq Real Estate Development Company for the year ended December 31, 2020 and the Company received a Zakat certificate valid until April 30, 2022.

During 2015 Taiba Investment Company received assessment issued by GAZT for the year 2013, according to which the GAZT required additional zakat charge of SR 3,9 million, and the Company has objected to this assessment. However, the second primary tax objection committee in Riyadh supported Taiba Company in terms of form, and the GAZT in terms of content. Accordingly, the Company appealed against the committee's decision on 10/6/2016 after it submitted a bank guarantee of the amount of the assessment, The appeals committee's decision was issued partially in favour of the Company, where the assessment amount was amended to SR 1,5 million and was repaid in January 2021. The letter of guarantee was cancelled in March 2021. An amended assessment was received from GAZT during 2020 for the year 2014, claiming differences of SR 44 thousand and was paid by the Company. During 2020 the Company received assessments of GAZT for the years from 2015 to 2018 claiming a total difference of SR 8,1 million and the assessment was studied by the Company and its Zakat advisor, as well as submitting an objection to GAZT during the legal period. GAZT issued the amended assessments for the above years at an amount of SR 7,9 million, and an objection was submitted before Tax Committees for Resolution of Tax Violations and Disputes within the legal period. A discussion session was determined in which the decision was pronounced by ending the dispute in two items and the rejecting on the other items, which will reduce the zakat obligation for these years to SR 4.9 million.

During 2020, Al-Theraa Almakeen Industrial Company (Branch of Taiba Investment Company) received the estimated zakat assessment from the GAZT for the years 2017 and 2018 which showed an additional Zakat of SR 40 million for the year 2017 and SR 40 million for the year 2018, and the Company submitted an objection before Tax Committees for Resolution of Tax Violations and Disputes. The Company's management does not believe it needs an additional provision as Al-Theraa Almakeen Industrial Company was transferred as a branch of Taiba Investment Company on 2014 and recorded under Zakat declaration for Taiba Investment Company.

GAZT issued two assessments for the years 2014 and 2015 to Al-Aqeeq and claimed Zakat differences of SR 7.6 million and SR 1 million, respectively. The Company has made a provision with the total of these differences during 2018 and an objection was submitted to GAZT against the mentioned assessments, then it was escalated to the Committee of Zakat and Tax Objection. The decision of the preliminary committee was issued, followed by the company's appeal to the decision of the preliminary committee with a financial guarantee in the total amount. During 2020, the appeal was registered at the Appeals Committee for Tax Violations and Disputes, which issued its decision on 18 October 2020, under which the Company was supported in most of the disputed items, accordingly the amount of SR 7.9 million of Zakat provision that was previously formed for this purpose was reversed. The guaranteed letter to GAZT was canceled in April 2021.

27- ZAKAT (continued)

27-3 Zakat status of the Group's companies (continued)

Arab Resorts Areas Company (ARAC)
The Company submitted and paid the zakat return and obtained a Zakat certificate for the year ended December 31, 2020, valid till April 30, 2022.

The Company also paid zakat differences for the final assessment for the year 2013 amounting to SR 2,5 million during 2014 and filed an objection to the GAZT on this assessment. The objection was raised to the assessment for the year 2013 to the First Primary Tax Objection Committee in Jeddah, and the Committee issued its decision on the objection submitted by the Company. The Company appealed against the decision of Primary Committee and appeal was registered with the General Secretariat of The Tax Committees for Resolution of Tax Violations and Disputes, which issued its decision in the favor of the Company during 2020 and the amount was settled with GAZT.

During 2020 the Company settled and paid Zakat assessments for the years 2016, 2017 and 2018 under the disclosure initiative from GAZT by paying SR 246 thousands for all the years to be settled.

Taiba Agriculture Development Company – TADEC
Taiba Agricultural Development Company (TADC) submitted and paid the Zakat returns for the year ended 31 December 2020, and obtained Zakat certificate valid until 30 April 2022. GAZT has issued the final assessments for the company until 2018.

Tawd Real Estate Management and Marketing Company (Tawd)
GAZT issued the final assessments for the Company until 2017. The Company paid zakat returns for the years 2018 and 2019, and the Company paid zakat return for the year ending 31 December 2020 and obntained zakat certificate valid to 30 April 2022.

28- REVENUE

	2021	2020
Rent on real estate	**79,445,099**	173,101,399
Hotel activities	**49,646,762**	45,334,574
Dates sales	**1,843,360**	2,517,640
	130,935,221	220,953,613

29- COSTS OF REVENUE

	2021	2020
Hotel operating cost	**46,024,398**	49,299,650
Depreciation and amortisation	**21,727,622**	22,847,736
Real estate rent cost	**17,619,549**	18,131,997
Cost of selling dates	**5,337,627**	7,437,512
	90,709,196	97,716,895

30- SELLING AND MARKETING EXPENSES

During year, selling and marketing expenses amounted to SR 205,386 that represent the services of packaging and selling dates (2020: SR 275.565).

31- GENERAL AND ADMINISTRATION EXPENSES

	2021	2020
Salaries and wages and related benefits	**22,820,566**	23,403,821
Technical and consultancy services	**14,847,779**	3,229,992
Remunerations of the Boards of Directors of the company and the board of Director of the subsidiaries	**4,790,682**	5,417,528
Service expenses	**3,337,508**	3,121,228
Employees' incentives and bonuses	**3,182,954**	55,722
Maintenance and spares	**2,268,034**	2,183,559
Social responsibility expenses	**2,317,831**	2,131,291
End of service benefits	**1,625,582**	1,643,430
Depreciation (Note 7-3)	**1,597,861**	1,188,078
Medical insurance expenses	**1,248,952**	1,386,095
Social insurances	**1,094,578**	1,074,413
Other	**804,393**	665,717
	59,936,720	45,500,874

32- OTHER OPERATING EXPENSES

	2021	2020
Allowance for contingent legal cases	**9,428,279**	832,960
Expenses of terminating and cancelling leases (note 10)	**7,466,668**	-
Impairment losses on slow moving inventory	**4,339,378**	773,694
Impairment losses in due from related parties	**-**	3,259,267
Others	**4,140,435**	-
	25,374,760	4,865,921

33- DIVIDENDS OF FINANCIAL ASSETS AT FVOCI

	2021	2020
Saudi Arabian Fertilizer Company	**16,974,696**	7,943,750
Kinan International Real Estate Development Company	**493,736**	-
Makkah Construction and Development Company	**-**	1,779,872
	17,468,432	9,723,622

34- OTHER (EXPENSES) INCOME - NET

	2021	2020
Allowance against losses of investment in associate (note 12-4)	**(10,884,747)**	(10,673,300)
Impairment losses on property and equipment	**(6,690,920)**	(234,056)
Murabaha investments income	**1,956,101**	9,349,367
Gains (losses) from disposal of property plant and equipment	**371,646**	(1,142,901)
Reversal of provisions against financial guarantee	**-**	67,824,000
Profits from selling investment (note 12)	**-**	10,671,536
Profits of compensation from discharging a land for the sake of expanding the Prophet's Mosque	**-**	3,785,255
Income from various expenses, net	**3,842,385**	2,265,775
	(11,405,535)	81,845,676

35- (LOSS) PROFIT PER SHARE

(Loss) earnings per share is calculated as follows:

	2021	2020
Net (loss) income for the year to shareholders	**(117,294,908)**	98,772,074
Weighted average number of ordinary shares	**160,457,483**	160,457,483
(loss) earnings per share (SR) - basic and diluted	**(0,73)**	0,62

No item for reducing earning per share that impacts weighted average number of ordinary shares

36- CONTINGENCIES & COMMITMENTS

As at 31 December 2021, the Group has contingencies in form of letters of guarantee amounted to SR 2 million (31 December 2020: SR 14.35 million).

As at 31 December 2021, the Group has guarantee amounted to SR 37.63 million (31 December 2020: SR 37.63 million) granted to local bank against loans and bank facilities to an associate.

As at December 31, 2021, the Group has capital obligations related to projects under development that represent the remaining value of design and implementation agreements and contracts amounting to SR 457.3 million (31 December 2020: 37.18 million).

As at December 31, the Group has financial contingent obligations at an amount of SR 15 million represent the expenses of special consultation for studying the merge with with Dur Company, which will be due and paid in case of completion of the merge operation.

37- FINANCIAL RISK MANAGEMENT

The Group's significant financial liabilities include trade payables and other payables, advances from customers, and amounts due to related parties that are originally measured at fair value and subsequently carried at the amortized cost. Financial assets consist of trade receivables, amounts due from related parties, other receivable, cash and cash equivalent measured at amortised cost of financial assets designated at fair value through other comprehensive income.

The Group is exposed to market risk, liquidity risk and credit risk. The Group’s senior management oversees the management of these risks. The Group’s senior management is supported by a Treasury department in the Group under service line agreement, by submitting advises on financial risks and the appropriate financial risk governance framework for the Group. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes two types of risks: Commission rate risls and currency risks. Financial instruments affected by market risk include loans.

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates.

The Company’s exposure to the Group’s risk of changes in market commission rates relates primarily to the Group’s loans related to floating commission rates.

Currency risk

Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rate relates primarily to the Company's operating activities. The Company is not exposed to any significant currency risks,as the Group has no material balances as at 31 December 2020 dominated in currencies other that SR and US Dollars.

37- FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers. The Group's management also continuously monitors credit risk to customers. It recognizes the costs of the necessary decrease against the balances deemed doubtful. To reduce this risk, the Group has a system to reduce credit limits granted to customers based on an extensive assessment of customer rating and payment history. Receivables are monitored regularly. The credit granted to most of the receivables is secured, where possible, by obtaining letters of credit, bank guarantee deposits, bank guarantees and insurance guarantees.

The Group also deposits its cash balances with a number of financial institutions of good reputation, given the previous business of the banks that the Group deals with, the management does not expect any party to be unable to fulfill its obligations towards the other.

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	2021	2020
Financial assets:		
Trade receivables	**15,142,320**	18,942,512
Cash at banks	**402,012,254**	124,030,113
Short-term Murabaha	**-**	220,000,000
	417,154,574	362,972,625

	2021	2020
Financial assets:		
Secured	**402,012,254**	344,030,113
Unsecured	**15,142,320**	18,942,512
	417,154,574	362,972,625

The debt lives of trade receivables are as follows:

31 December 2021	**Trade receivables**				
	Maturity days due				
	<90 days	***91- 180 days***	***180- 270 days***	**Above 270 days**	***Total***
Expected loss rate	**0.45**	**0.59**	**0.91**	**0.97**	**0.90**
Carrying amount exposed to default	**3,889,401**	**19,008,464**	**16,548,227**	**113,982,157**	**153,428,249**
Expected credit loss	**(1,748,740)**	**(11,218,711)**	**(14,980,430)**	**(110,338,048)**	**(138,285,929)**

31 December 2020	Trade receivables				
	Maturity days due				
	<90 days	*91- 180 days*	*181- 270 days*	Above 270 days	Total
Expected loss rate	0.35	0.69	0.90	0.99	0.81
Carrying amount exposed to default	13,256,301	27,047,579	16,670,626	40,893,911	97,868,417
Expected credit loss	(4,684,392)	(18,593,392)	(15,003,564)	(40,644,557)	(78,925,905)

37- FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group manages liquidity risk by monitoring working capital requirements and cash flows on a regular basis.

Management has developed policies and practices to manage liquidity risk in accordance with risk tolerance and ensure that the Group maintains adequate liquidity. Senior management is constantly reviewing information related to the Group's liquidity developments.

The Group has set a strong mechanism to manage its cash to ensure the best use of available cash resources. This requires the regulation of collection and exchange systems in a way that maximizes the investment of un-invested funds through term deposits and short-term deposits, while reducing the borrowing of funds and ensuring that necessary facilities are available to manage its operations.

31 December 2021	**Within 1 year**	**1 to 5 years**	**Total**
Trade payables	**18,235,121**	**–**	**18,235,121**
Dividend payables	**120,627,400**	**–**	**120,627,400**
Zakat payable	**29,468,704**	**–**	**29,468,704**
Lease liabilities	**6,016,037**	**–**	**6,016,037**
Accrued expenses and other payables	**30,685,855**	**–**	**30,685,855**
	205,033,117	**–**	**205,033,117**

31 December 2020	Within 1 year	1 to 5 years	Total
Trade payables	2,205,385	–	2,205,385
Dividend payables	107,935,443	–	107,935,443
Zakat payable	18,914,325	–	18,914,325
Lease liabilities	1,116,507	3,334,947	4,451,454
Accrued expenses and other payables	15,909,945	–	15,909,945
	146,081,605	3,334,947	149,416,552

There is no material difference between the carrying amount and the fair value of these financial liabilities.

38- CAPITAL MANAGEMENT

Capital represent equity related to the the partners’ equity in the Group. The Group's main objective when managing capital is to support its business and maximize the Sharholder’s return.

Management's policy is to maintain a strong capital base so as to maintain investor and lenders and market confidence and to sustain future development of the business. The Group manages its capital structure and makes adjustments in light of changes in economic conditions. The Board of Directors monitors the return on capital, which the Group determines by the output of operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to shareholders. There were no changes in the Group's management of capital during the year. The Group is not subject to externally imposed capital requirements.

38- CAPITAL MANAGEMENT (continued)

Group's debt to adjusted capital ratio is as follows:

	2021	2020
TOTAL LIABILITIES	**297,258,246**	229,052,299
Less: Cash and cash equivalents	**(402,012,254)**	(124,030,113)
Net (surplus) debt (after deducting cash and cash equivalent)	**(104,754,008)**	105,022,186
Equity	**3,641,206,763**	3,697,663,274
Net obligations to equity	**(2.88%)**	2.84%

39- FINANCIAL INSTRUMENTS

The Group measures financial instruments at fair value as at the date of the financial statements. Fair value is the selling price of an asset or the transfer of a liability in a systematic transaction between two parties to the market at the measurement date. The fair value measurement is based on the assumption that selling an asset or transferring an obligation will take 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 by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants may use when pricing the asset or liability and assuming that the participants act for their best interest.

When measuring the fair value of a non-financial asset, the market participant's ability to generate economic benefits arising from the best use of the asset or its sale to another market participant who may be using the best use is taken into account.

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

All assets and liabilities for which fair values are measured or disclosed in the financial statements are classified within the fair value hierarchy, which is illustrated below, on the basis of the minimum inputs that are important to measure the fair values as a whole:

Level 1 • quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Valuation techniques so that the minimum limit that can be determined for significant inputs to measure fair value can be observed directly or indirectly.

Level 3 Valuation techniques so that the minimum limit that can be determined for significant inputs to measure fair value cannot be observed.

39- FINANCIAL INSTRUMENTS (continued)

Following are the details of the classification of financial instruments:

	2021				*2020*			
	Total	***Amortised cost***	***fair value through statement of income ,***	***Fair value through OCI***	*Total*	*Amortised cost*	*fair value through statement of income ,*	*Fair value through OCI*
Financial assets:								
Financial asset at fair value	**764,211,191**	**-**	**-**	**764,211,191**	932,108,261	–	–	932,108,261
TRADE RECEIVABLES	**15,142,320**	**15,142,320**	**-**	**-**	18,942,512	18,942,512	–	–
Due from related parties	**19,237,231**	**19,237,231**	**-**	**-**	19,237,231	19,237,231	–	–
Cash and cash equivalents	**402,012,254**	**402,012,254**	**-**	**-**	124,030,113	124,030,113	–	–
Short-term Murabaha	**-**	**-**	**-**	**-**	220,000,000	220,000,000	–	–
TOTAL	**1,200,602,996**	**436,391,805**	**-**	**764,211,191**	1,314,318,117	382,209,856	–	932,108,261
Financial liability								
Trade accounts and other payable balances	**121,249,515**	**121,249,515**	**-**	**-**	29,729,549	29,729,549	–	–
Dividends payable	**120,627,400**	**120,627,400**	**-**	**-**	107,935,443	107,935,443	–	–
	241,876,915	**241,876,915**	**-**	**-**	134,527,727	134,527,727	–	–

40- COVID-19 IMPACT

The spread of the COVED-19 was confirmed across many geographical areas in early 2020, causing fundamental uncertainty about macroeconomics, disrupting business and economic activities. During March 2020, the Government of Saudi Arabia took several initiatives until beyond March 2020 to contain the spread of the virus, which included restrictionson travel, gatherings and curfews.

The extent of COVID-19 pandemic affects the group's business, operations and financial results is confirmed, but withut knowing to what extent, which depends on many future factors and developments that the Group may not be able to reliably estimate during the current period. These factors include the rate of virus transmission, the duration of its outbreak and precautionary measures that government may take to reduce the spread of the epidemic, and the impact of these measures on the economic activity, as well as the group's customers business and other factors.

Although it is now difficult to predict the overall impact and to how extent on business and economy, the Group's management has made an assessment to the level of this impact on the group's overall operations, and estimated assessing liquidity requirements and business, including travel restrictions and demand on the group's properties,,, etc. The Group cannot confirm that its used assumptions above in estimates will be correct due to these uncertain situations. In addition, the size, duration and speed of the global epidemic are uncertain, and therefore the management has taken several steps to mitigate the effects of the epidemic, including cost-cutting measures. The Group's management has recalculated the expected credit losses by introducing macroeconomic factors. Accordingly, the provision of credit losses as at December 31, 2021 amounted to SR 138 million, as well as a provision of SR 9 million to meet compensation issues related to the tenants affected by the pandemic. Also rental revenues was derecognized which was expected not to continue or to collect their revenues. It also assessed the status of cash flows including banking facilities, the continuity of existing leases and the readiness of operational procedures when the situation improves.

In the light of the current uncertainty, any future changes in assumptions and estimates could lead to results that may require substantial adjustments to the book values listed for assets or liabilities affected by these results in future periods. Group management will continue to assess the impact based on foreseen developments, and will keep shareholders updated as more information becomes available. Based on financial position and assessing potential scenarios, management does not believe that there are any significant risks related to the going concern basis.

41- COMPARATIVE FIGURES

Certain of the prior year numbers have been reclassified to conform with the presentation in the current year.