



**TAIBA INVESTMENT COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

**INDEPENDENT AUDITOR'S REPORT**

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

Taiba Investment Company  
(A Saudi Joint Stock Company)

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
For the Three-Month Period Ended 31 March 2021

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
TO THE SHAREHOLDERS OF  
TAIBA INVESTMENT COMPANY (SAUDI JOINT STOCK COMPANY)**

**Introduction:**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Taiba Investment Company (A Saudi Joint Stock Company) ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2021 and the related interim condensed consolidated statements of income and comprehensive income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of Review:**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion:**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

**Other Matter**

The interim condensed consolidated financial statements of the Group for the three-month period ended 31 March 2020 were reviewed by another auditor who expressed an unmodified review conclusion on those financial statements on 15 June 2020.

For Ernst and Young



Abdullah Ali AlMakrami  
Certified Public Accountant  
Licence no. 476

8 Shawwal 1442H  
20 May 2021G

Jeddah



Taiba Investment Company  
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL POSITION (UNAUDITED)

As at 31 March 2021

Saudi Riyals

	Note	31 March 2021 (Unaudited)	31 December 2020 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSET</b>			
Property, plant and equipment	5	1,973,767,748	1,967,615,847
Intangible assets		2,781,490	2,908,204
Investments property	6	527,077,300	528,178,907
Right-of-use assets		10,310,717	2,362,867
Financial asset at FVOCI	7	1,159,700,010	932,108,261
Investment in associates	8	83,008,531	83,080,300
Other non current assets		10,948,363	10,687,417
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,767,594,159</b>	<b>3,526,941,803</b>
<b>CURRENT ASSETS</b>			
Inventories		4,749,174	5,989,199
Biological assets		2,764,393	1,535,915
Trade receivables	9	43,052,394	18,942,512
Amounts due from related parties	10	19,237,231	19,237,231
Short term investments		20,000,000	220,000,000
Prepayments and other current assets		9,910,641	10,038,800
Cash and cash equivalent	11	293,159,244	124,030,113
<b>TOTAL CURRENT ASSET</b>		<b>392,873,077</b>	<b>399,773,770</b>
<b>TOTAL ASSETS</b>		<b>4,160,467,236</b>	<b>3,926,715,573</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share Capital	1	1,604,574,830	1,604,574,830
Statutory reserves		1,000,000,000	1,000,000,000
Other reserve		208,791,276	208,791,276
Reserves		28,386,422	(199,202,305)
Retained earning		959,468,982	1,041,606,914
<b>EQUITY Attributable to the equity holders of the parent</b>		<b>3,801,221,510</b>	<b>3,655,770,715</b>
Non-controlling interests		41,512,456	41,892,559
<b>TOTAL EQUITY</b>		<b>3,842,733,966</b>	<b>3,697,663,274</b>
<b>NON-CURRENT LIABILITIES</b>			
Non-current portion of lease liabilities		3,423,770	1,116,507
Employees' benefits liabilities paid		14,864,155	14,781,625
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>18,287,925</b>	<b>15,898,132</b>
<b>CURRENT LIABILITIES</b>			
Current portion of lease liabilities		9,283,471	3,334,947
Trade accounts and other payables		78,224,937	76,005,580
Dividend payable	15	187,921,804	107,935,443
Amounts due to related parties	10	4,550,510	6,963,872
Zakat payable	12	19,464,623	18,914,325
<b>TOTAL CURRENT LIABILITIES</b>		<b>299,445,345</b>	<b>213,154,167</b>
<b>TOTAL LIABILITY</b>		<b>317,733,270</b>	<b>229,052,299</b>
<b>TOTAL EQUITY AND LIABILITY</b>		<b>4,160,467,236</b>	<b>3,926,715,573</b>

These interim condensed consolidated financial statements have been authorized for issuing, including accompanying notes by the Board of Directors, and signed on behalf of the Board by:

Mr. Ahmad Mohanad Jaber  
VP Finance

Eng. Saleh Bin Habdan Alhabdan  
CEO

Dr. Walid bin Mohammed Al- Issa  
Chairman

The attached notes 1 to 18 form part of these Interim Condensed Consolidated financial statements.

Taiba Investment Company  
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021  
Saudi Riyals

	Note	<i>For the three-month period ended 31 March</i>	
		<i>2021</i>	<i>2020</i>
<b><u>Continued operations</u></b>			
Revenues		<b>34,264,176</b>	85,004,374
Cost of revenue		<b>(19,352,163)</b>	(31,367,094)
<b>GROSS PROFIT</b>		<b>14,912,013</b>	53,637,280
General and administrative expenses		<b>(11,301,295)</b>	(10,262,063)
Sale and marketing expenses		<b>(415,982)</b>	(907,328)
Other operating expenses - net		<b>(2,878,783)</b>	(3,896,339)
<b>OPERATING PROFIT</b>		<b>315,953</b>	38,571,550
Dividends from equity investments at Fair Value through Other Comprehensive Income (FVOCI)		-	1,779,872
Group's share of results of associates	8	<b>(71,769)</b>	(796,919)
Other (expenses) and income - net		<b>(456,905)</b>	7,592,897
<b>(Loss) income before zakat from continued operations</b>		<b>(212,721)</b>	47,147,400
Zakat	12	<b>(2,079,594)</b>	(4,248,945)
<b>Net (loss) income for the period from continued operations</b>		<b>(2,292,315)</b>	42,898,455
<b>Discontinued operations</b>			
Income after zakat from discontinued operations		-	7,727,570
<b>Net (Loss ) Income for the period</b>		<b>(2,292,315)</b>	50,626,025
<b><u>Net (loss) income attributable to:</u></b>			
Shareholders of the Parent Company		<b>(1,909,190)</b>	50,570,683
Non-Controlling interests		<b>(383,125)</b>	55,342
		<b>(2,292,315)</b>	50,626,025
<b>(Loss) income for the share (SR)</b>			
Basic	14	<b>(0,01)</b>	0,32
Diluted	14	<b>(0,01)</b>	0,32

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Dr. Walid bin Mohammed Al- Issa  
Chairman

Taiba Investment Company  
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED OTHER COMPREHENSIVE INCOME  
(UNAUDITED)

For the Three-Month Period Ended 31 March 2021  
Saudi Riyals

		<i>For the three-month period Ended 31 March</i>	
	<i>Note</i>	<i>2021</i>	<i>2020</i>
<b>Net (Loss ) Income for the period</b>		<b>(2,292,315)</b>	50,626,025
<b>Other Comprehensive Income:</b>			
<i>Item that that will not be reclassified to statement of income in subsequent periods:</i>			
Net unrealized gains (losses) on revaluation of investments in equity instruments designed at Fair Value through Other Comprehensive Income (FVOCI)	7	<u>227,591,749</u>	<u>(173,892,477)</u>
<b>Total other comprehensive income (loss) for the period</b>		<u><b>227,591,749</b></u>	<u>(173,892,477)</u>
<b>Total comprehensive income (loss) for the period</b>		<u><b>225,299,434</b></u>	<u>(123,266,452)</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) attributable to:</b>			
Shareholders of the Parent Company		<u>225,679,537</u>	<u>(123,316,954)</u>
Non-Controlling interests		<u>(380,103)</u>	<u>50,502</u>
		<u><b>225,299,434</b></u>	<u>(123,266,452)</u>

These interim condensed consolidated financial statements have been authorized for issuing, including accompanying notes by the Board of Directors, and signed on behalf of the Board by:

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Dr. Walid bin Mohammed Al- Issa  
Chairman

Taiba Investment Company  
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the Nine-Month Period Ended 31 March 2021

Saudi Riyals

	<i>Equity attributable to the equity holders of the parent</i>					<i>Total equity</i>	<i>Total non-controlling interests</i>	<i>Total equity</i>
	<i>Share Capital</i>	<i>Statutory reserves</i>	<i>Other reserve</i>	<i>Reserves</i>	<i>Retained earning</i>			
Balance at 1 January 2020	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 for the period	-	-	-	-	50,570,683	50,570,683	55,342	50,626,025
Other comprehensive loss for the period	-	-	-	(173,887,637)	-	(173,887,637)	(4,840)	(173,892,477)
Total comprehensive (loss) income for the period	-	-	-	(173,887,637)	50,570,683	(123,316,954)	50,502	(123,266,452)
Dividends (note 15)	-	-	-	-	(72,205,867)	(72,205,867)	-	(72,205,867)
Derecognition of investment in equity instruments at fair value	-	-	-	(3,397,003)	3,397,003	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	(955,129)	(955,129)
Balance at 31 March 2020	<u>1,604,574,830</u>	<u>1,000,000,000</u>	<u>210,316,579</u>	<u>(406,657,038)</u>	<u>1,073,634,265</u>	<u>3,481,868,636</u>	<u>45,328,051</u>	<u>3,527,196,687</u>
Balance at 1 January 2021	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 period	-	-	-	-	(1,909,190)	(1,909,190)	(383,125)	(2,292,315)
Other comprehensive income for the period	-	-	-	227,588,727	-	227,588,727	3,022	227,591,749
Total comprehensive income (loss) for the period	-	-	-	227,588,727	(1,909,190)	225,679,537	(380,103)	225,299,434
Dividends (note 15)	-	-	-	-	(80,228,742)	(80,228,742)	-	(80,228,742)
<b>Balance at 31 March 2021</b>	<u><b>1,604,574,830</b></u>	<u><b>1,000,000,000</b></u>	<u><b>208,791,276</b></u>	<u><b>28,386,422</b></u>	<u><b>959,468,982</b></u>	<u><b>3,801,221,510</b></u>	<u><b>41,512,456</b></u>	<u><b>3,842,733,966</b></u>

These interim condensed consolidated financial statements have been authorized for issuing, including accompanying notes by the Board of Directors, and signed on behalf of the Board by:

Mr. Ahmad Mohanad Jaber  
VP Finance

Eng. Saleh Bin Habdan Alhabdan  
CEO

Dr. Walid bin Mohammed Al- Issa  
Chairman

The attached notes 1 to 18 form part of these Interim Condensed Consolidated financial statements.

Taiba Investment Company  
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

For the Three-Month Period Ended 31 March 2021

Saudi Riyals

	Note	31 March 2021	31 March 2020
Profit before zakat from continued operations		(212,721)	47,147,400
Income before zakat from discontinued operations		-	7,727,570
		<u>(212,721)</u>	<u>54,874,970</u>
<i>Adjustments to reconcile income before zakat for the period to net cash flow:</i>			
Depreciation of property, plant and equipment	5	4,441,429	4,904,232
Depreciation of right-to-use asset		594,108	1,216,760
Depreciation on investment properties	6	1,498,767	1,591,928
Amortization of intangible asset		193,064	85,629
(Gains) on disposal of property plant and equipment		(298,809)	-
Employees' benefits provision charged on the period		722,979	784,273
Impairment losses of trade receivables		2,878,783	637,072
Impairment losses in due from related parties		-	3,259,267
Investments losses in associate	8	71,769	796,919
Dividends declared in investees through OCI		-	(1,779,872)
Gains from compensation from discharging a land		-	(3,785,255)
Gains from selling assets-held-for-sale		-	(7,727,570)
Revenues from revaluation of other non-current assets		(260,946)	-
Provision of losses of investment in associates	8	1,973,422	1,429,895
		<u>11,601,845</u>	<u>56,288,248</u>
<i>Working capital changes:</i>			
Trade receivables		(26,988,665)	(24,149,252)
Prepaid expenses and other receivables		128,158	(10,042,931)
Inventories		1,240,025	656,848
Trade accounts and other payables		245,936	(1,705,651)
Due to related parties		(2,413,362)	1,777,474
<b>Cash (used in) from operations</b>		<u>(16,186,063)</u>	<u>22,824,736</u>
Employees' benefits paid		(640,449)	(1,028,465)
Zakat paid	12	(1,529,296)	-
<b>Net cash flows (used in) / generated from operating activities</b>		<u>(18,355,808)</u>	<u>21,796,271</u>
<b><u>Cash flows from investing activities</u></b>			
Short term investments		200,000,000	(65,000,000)
Additions to property, plant and equipment	5	(10,594,301)	(5,215,639)
Additions to investment property	6	(397,160)	-
Additions to intangible assets		(66,350)	-
Net movement in biological assets		(1,228,478)	(1,458,921)
Proceeds from compensation from discharging a land		-	4,656,505
Proceeds from sale of discontinued operation		-	10,000,000
Proceeds from sale of property, plant and equipment		299,780	-
<b>Net cash flows generated from (used in) operating activities</b>		<u>188,013,491</u>	<u>(57,018,055)</u>
<b><u>Cash flows from financing activities</u></b>			
Net change in non-controlling interests		-	(955,129)
Dividends paid	15	(242,381)	(22,742,205)
Net change in lease liabilities		(286,171)	(694,510)
<b>Net cash flows used in financing activities</b>		<u>(528,552)</u>	<u>(24,391,844)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>169,129,131</b>	<b>(59,613,628)</b>
Cash and cash equivalent at the beginning of the period		<u>124,030,113</u>	<u>378,048,016</u>
<b>Cash and cash equivalents at end of the period</b>		<u><u>293,159,244</u></u>	<u><u>318,434,388</u></u>
<b><u>SUPPLEMENTAL NON-CASH TRANSACTION</u></b>			
Unrealised gains on revaluation of financial asset at FVOCI	v	227,591,749	(173,892,477)
Investment property transferred from discontinued operations		-	4,253,024
Additions to right of use of asset		<u>8,954,458</u>	<u>6,814,386</u>

These interim condensed consolidated financial statements have been authorized for issuing, including accompanying notes by the Board of Directors, and signed on behalf of the Board by:

Mr. Ahmad Mohanad Jaber  
VP Finance

Eng. Saleh Bin Habdan Alhabdan  
CEO

Dr. Walid bin Mohammed Al- Issa  
Chairman

The attached notes 1 to 18 form part of these Interim Condensed Consolidated financial statements.

# Taiba Investment Company

## (A Saudi Joint Stock Company)

### INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the Three-Month Period Ended 31 March 2021

Saudi Riyals

#### 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, 1408H. 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. 4650012403. 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 March 31, 2021, the 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.

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

#### a) Companies subject to the control of Taiba Investment Company, which was consolidated in these financial statements

<i>Subsidiary</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>Effective holding</i>	
			<i>31 March 2021</i>	<i>31 December 2020</i>
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%

#### b) Subsidiaries controlled by subsidiaries

<i>Subsidiary</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>Effective holding</i>	
			<i>31 March 2021</i>	<i>31 December 2020</i>
Tawd Real Estate Management and Marketing Company (Tawd)	Kingdom of Saudi Arabia	Real Estate Management and Marketing	100%	100%
Taiba Contracting and Maintenance Company Limited (TACOMA)*	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)) for a total amount of SR 20 million, 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. 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 profit.

Taiba Investment Company  
(A Saudi Joint Stock Company)

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
(CONTINUED)

For the Three-Month Period Ended 31 March 2021  
Saudi Riyals

**1 CORPORATE INFORMATION (continued)**

The initial condensed consolidated financial statements were authorized for issue by the Board Directors on 6 Shawwal 1442H (corresponding to 18 May 2021).

**2 Basis of preparation**

**2.1 Statement of Compliance**

The interim condensed consolidated financial statements for the three month period ended 31 March 2021 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia as well as other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020 (see also note 2.5).

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 accompanied interim condensed consolidated financial statements.

**2.2 Basis of consolidation**

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2021 mentioned in Note 1.

Subsidiaries are entities that are controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

**2.3 Basis of measurement**

The interim condensed consolidated financial statements have been prepared in accordance with the principle of historical cost, except for equity instruments at fair value through other comprehensive income and biological assets at fair value. Employee benefit obligation accruals prepared at the current value of future obligations are recognized using the expected actuarial credit unit method.

**2.4 Functional and presentation currency**

These interim condensed consolidated financial statements are presented in Saudi Riyals (SR), which is the functional and presentation currency of the Group.

**2.5 Significant Accounting Judgements, Estimates and Assumptions**

The preparation of the Company's interim condensed consolidated 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 17).

Taiba Investment Company  
(A Saudi Joint Stock Company)

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
(CONTINUED)

For the Three-Month Period Ended 31 March 2021  
Saudi Riyals

**3. CHANGES IN ACCOUNTING POLICIES OF THE COMPANY**

The accounting policies adopted in the preparation of the interim condensed 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 2020, except for the adoption of new standards which are effective from 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**“Interest Rate Benchmark Reform” – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest

Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued

Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

This amendments did not have any impact on the Company's interim condensed consolidated financial statements.

The Group intends to use the practical expedient in future periods when they become effective.

Taiba Investment Company  
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

For the Three-Month Period Ended 31 March 2021

Saudi Riyals

**4 SEGMENT INFORMATION**

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:

- Real estate sector - includes leasing services and commercial centers owned by the Group, and this is one of the major sectors of the Group.
- Tourism sector - includes the operation and accommodation of hotels, hotel suites and tourist resorts.
- Agriculture sector - includes the activity of planting and selling dates and some other agricultural products.
- Management sector - includes management of real estate.
- 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:

	<i>Real Estate</i>	<i>Tourism</i>	<i>Agriculture</i>	<i>Management</i>	<i>Headquarter</i>	<i>Elimination of inter segment operations</i>	<i>Total</i>
<i>For the period ending 31 March 2021 (unaudited)</i>							
Revenues	25,813,939	7,971,203	583,578	163,441	-	(267,985)	34,264,176
Revenues cost (without depreciation)	(3,087,701)	(9,210,412)	(1,080,285)	(1,112,072)	-	267,985	(14,222,485)
Depreciation and amortization	(1,722,320)	(3,407,358)	-	-	-	-	(5,129,678)
Gross segment profit	21,003,918	(4,646,567)	(496,707)	(948,631)	-	-	14,912,013
Segment assets	680,571,304	935,828,664	93,353,307	2,078,945	2,558,567,450	(109,932,434)	4,160,467,236
Segment liabilities	52,668,756	48,106,082	1,550,319	188,323	325,152,224	(109,932,434)	317,733,270
<i>For the period ending 31 March 2020 (unaudited)</i>							
Revenues	56,842,678	27,214,819	1,286,970	1,157,619	-	(1,497,712)	85,004,374
Revenues cost (without depreciation)	(6,189,782)	(19,208,332)	(864,217)	(874,405)	-	1,497,712	(25,639,024)
Depreciation and amortization	(1,627,621)	(4,100,449)	-	-	-	-	(5,728,070)
Gross segment profit	49,025,275	3,906,038	422,753	283,214	-	-	53,637,280
Segment assets	572,799,833	932,930,029	102,380,843	2,211,695	2,320,485,203	(11,295,529)	3,919,512,074
Segment liabilities	60,394,632	51,963,792	2,243,270	299,482	288,709,740	(11,295,529)	392,315,387
31 December 2020 (Audited)							
Segment assets	618,371,896	929,438,777	2,205,857	94,324,635	2,338,459,643	(56,085,235)	3,926,715,573
Segment liabilities	16,729,983	51,122,933	305,496	1,674,437	215,304,685	(56,085,235)	229,052,299

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**5 PROPERTY, PLANT AND EQUIPMENT**

For the purposes of preparing interim condensed consolidated of statement of cash flows, movement in properties, plants and equipments during the the three-month period ended 31 March are as follows:

	<i>2021</i> <i>(Unaudited)</i>	<i>2020</i> <i>(Unaudited)</i>
Balance at beginning of the period	<b>1,967,615,847</b>	1,827,705,896
Additions to property, plant and equipment during the year	<b>10,594,301</b>	5,215,639
Depreciations during the period	<b>(4,441,429)</b>	(4,904,232)
Disposals during the period	<b>(971)</b>	(891,630)
Balance at end of the period	<b><u>1,973,767,748</u></b>	<b><u>1,827,125,673</u></b>

**6 INVESTMENTS PROPERTY**

For the purposes of preparing interim consolidated of statement of cash flows, movement in investments properties during the the three-month period ended 31 March are as follows:

	<i>2021</i> <i>(Unaudited)</i>	<i>2020</i> <i>(Unaudited)</i>
Balance at beginning of the period	<b>528,178,907</b>	530,012,836
Additions of investment properties during the period	<b>397,160</b>	4,304,524
Depreciations during the period	<b>(1,498,767)</b>	(1,591,928)
Balance at end of the period	<b><u>527,077,300</u></b>	<b><u>532,725,432</u></b>

As at 31 December 2020, the fair value of investment properties amounted to SR 4.28 billion, The fair value was determined by an independent external real estate evaluator (Value Strat) accredited by the Saudi Authority for Accredited Valuers ("TAQEEM") and represents the properties for lease purpose, 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. The Group's management that there are no significant impact during the three-month period ended 31 March 2021 on the estimations above.

On 12 March 2020, through the sale agreement of TACOMA, the Group transferred the land and buildings on which it is located with a value of SR 4.3 million for the group under the terms of the agreement, and therefore the land and buildings on which it is located have been reclassified as investment properties. The legal procedures to transfer the ownership of the land and buildings are still under process up to the date of the financial statements.

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**7 INVESTMENT IN EQUITY INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH  
OTHER COMPREHENSIVE INCOME**

Investments represent the following:

	<i>31 March 2021 (Unaudited)</i>	<i>31 December 2020 (Audited)</i>
Investments in listed company shares*	<b>1,048,661,719</b>	845,224,234
Investments in shares of unlisted companies**	<b>111,038,291</b>	86,884,027
	<b><u>1,159,700,010</u></b>	<u>932,108,261</u>

\* Investments in listed companies shares\*

<b>investee</b>	<i>Direct ownership %</i>		<i>31 March 2021 (Unaudited)</i>	<i>31 December 2020 (Audited)</i>
	<i>31 March 2021</i>	<i>31 December 2020</i>		
SABIC FOR AGRI-NUTRIENTS Makkah Construction and Development Company	<b>1,67%</b>	1,91%	<b>781,665,000</b>	640,266,250
Knowledge Economic City Company	<b>0,72%</b>	0,72%	<b>74,991,919</b>	75,941,184
	<b>3,20%</b>	3,20%	<b>192,004,800</b>	129,016,800
			<b><u>1,048,661,719</u></b>	<u>845,224,234</u>

\*\* Investments in shares of unlisted companies\*\*

<b>investee</b>	<i>Direct ownership %</i>		<i>31 March 2021 (Unaudited)</i>	<i>31 December 2020 (Audited)</i>
	<i>31 March 2021</i>	<i>31 December 2020</i>		
Kinan International Real Estate Development Company	<b>2,33%</b>	2,33%	<b>36,811,930</b>	36,811,930
Development Company Knowledge Economic City	<b>5,01%</b>	5,01%	<b>74,226,361</b>	50,072,097
			<b><u>111,038,291</u></b>	<u>86,884,027</u>

The Group recorded unrealized gains on revaluation of investments in equity instruments designed at Fair Value through Other Comprehensive Income (FVOCI):

	<i>31 March 2021 (Unaudited)</i>	<i>31 December 2020 (Audited)</i>
Balance at beginning of the period / year	<b>932,108,261</b>	897,439,436
Unrealized revenues	<b>227,591,749</b>	34,668,825
At the end of the period / year	<b><u>1,159,700,010</u></b>	<u>932,108,261</u>

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**8 INVESTMENT IN ASSOCIATES**

Details of the Group's investments in associates are as follows:

<i>Name</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>Effective holding</i>		<i>31 March</i>	<i>31 December</i>
			<i>31 March 2021</i>	<i>31 December 2020</i>	<i>2021 (Unaudited)</i>	<i>2020 (Audited)</i>
Al-Seera City Company for Real Estate Development	Kingdom of Saudi Arabia	Real Estates	20%	20%	71,984,286	72,056,055
Madinah Dates Company For dates	Kingdom of Saudi Arabia	Industries	35%	35%	5,335,304	5,335,304
Saudi Heritage Hospitality Company*	Kingdom of Saudi Arabia	Hotels and tourism	30%	30%	5,688,941	5,688,941
Madinah Airport Hotel Company*	Kingdom of Saudi Arabia	Hotel services	33,33%	33,33%	-	-
					<u>83,008,531</u>	<u>83,080,300</u>

Details of the Group's investments in associates are as follows:

	<i>31 March 2021 (Unaudited)</i>	<i>31 December 2020 (Audited)</i>
At the end of the period / year	83,080,300	91,588,117
Share of statutory reserve and losses	(71,769)	(8,507,817)
Dividends	-	-
At the end of the period / year	<u>83,008,531</u>	<u>83,080,300</u>

\*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 the financial statements.

\*\* As at 31 March 2021, Madinah Airport Hotel Company has incurred accumulated losses that exceeded the book value of the investment, and the Group has continued to bear additional losses during the period amounting to SR 2 million (31 March 2020: SR 1,4 million) so that the total balance of provision for losses made as at 31 March 2021 amounted to SR 22.2 million (31 December 2020) due to the legal and contractual obligations of financial support for that Company to meet its financial obligations as and when they fall due.

\*\* During the year ended December 31, 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 thousand was paid as a first installment, and the remaining amount to be paid on 15 quarterly equal installments starting as at June 30, 2022. Therefore the amounts due from the sale transaction amounted to SR 10,9 million were recorded as other non-current assets after adding revaluation revenues.

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**9 TRADE RECEIVABLES**

	<i>31 March 2021 (Unaudited)</i>	<i>31 December 2020 (Audited)</i>
Trade receivables	<b>124,857,082</b>	97,868,417
Less: Provision for impairment of trade receivables	<b>(81,804,688)</b>	(78,925,905)
	<b><u>43,052,394</u></b>	<u>18,942,512</u>

The movement in provisions of impairment of trade receivables:

	<i>31 March 2021 (Unaudited)</i>	<i>31 December 2020 (Audited)</i>
Balance at 1 January	<b>78,925,905</b>	12,523,152
Charged for the period / year	<b>4,312,192</b>	66,824,965
Reversal of impairment of trade receivables provision	<b>(1,433,409)</b>	(1,120,837)
Balance transferred from provision of related parties write-off	-	801,184
	-	(102,559)
Balance at end of the period	<b><u>81,804,688</u></b>	<u>78,925,905</u>

**10 RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent the shareholders, directors and key management personnel of the Company and entities under their control or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management. The significant transactions with related parties and its balances in the Company are as follows:

*Amounts due from related parties*

Description	Relationship type	Nature of transactions	Amount of transactions		Closing balance	
			<i>31 March 2021 (Unaudited)</i>	<i>31 December 2020 (Audited)</i>	<i>31 March 2021 (Unaudited)</i>	<i>31 December 2020 (Audited)</i>
Madinah Airport Hotel Company	Associate	Finance	-	-	<b>22,496,498</b>	22,496,498
Impairment in related parties					<b>(3,259,267)</b>	(3,259,267)
					<b><u>19,237,231</u></b>	<u>19,237,231</u>

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**10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

**Amounts due to related parties**

Description	Relationship type	Nature of transactions	Amount of transactions		Closing balance	
			31 March 2021 (Unaudited)	31 December 2020 (Audited)	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Owners of Taiba Residential and Commercial Center	Associated foundation	Services	<b>853,731</b>	5,587,752		
		Maintenance Expenses Operation	<b>1,785,440</b>	6,254,762	<b>4,550,510</b>	6,963,872
					<b>4,550,510</b>	<b>6,963,872</b>

**Compensation of key management personnel**

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Allowances, tickets and directors remunerations:	<b>1,111,797</b>	672,771
Allowances and subsidiary's directors remunerations	<b>112,000</b>	16,131
Salaries, allowances and senior executives remunerations	<b>2,420,711</b>	2,574,574
	<b>3,644,508</b>	<b>3,263,476</b>

**10- Cash and cash equivalent**

	31 March 2021 (Unaudited)	31 December 2020 (Unaudited)
Murabaha deposits	<b>130,000,000</b>	-
Cash at Banks**	<b>163,159,244</b>	124,030,113
	<b>293,159,244</b>	<b>124,030,113</b>

\* Represents investments in short-term Islamic murabaha at a rate of 2% and due within 77 days (31 December 2020: Nil).

\*\* Balances at banks include restricted cash held by the Group amounted to SR 93.5 million (31 December 2020: SR 94.7 million) related to dividends due to the Group's shareholders and this balance is not available for the general use of the Company.

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**11 ZAKAT**

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 period ended at 31 March comprise of the following:

	<b>31 March 2021 (Unaudited)</b>	<b>31 March 2020 (Unaudited)</b>
Current period	<b>2,079,594</b>	3,828,711
Prior periods	-	420,234
	<b><u>2,079,594</u></b>	<b><u>4,248,945</u></b>
	<b>31 March 2021 (Unaudited)</b>	<b>31 December 2020 (Audited)</b>
Movement in Zakat provision		
Balance at the beginning of the period / year	<b>18,914,325</b>	35,657,960
Charged on the period / year	<b>2,079,594</b>	2,225,505
Paid during the period/ year	<b>(1,529,296)</b>	(18,969,140)
Balance at the end of the period / year	<b><u>19,464,623</u></b>	<b><u>18,914,325</u></b>

**Status of assessment**

**Company and its fully owned subsidiaries**

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

During 2015, Taiba Investment Company received the zakat 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 6/10/2016 after it submitted a bank guarantee of the amount of the assessment, The appeals committee's decision was issued partially in favor of the Company, where the assessment amount was amended to SR 1.5 million and was repaid in January 2021, and letter of guarantee was canceled in March 2021. The Company submitted its Zakat returns for the years from 2014 to 2019 and 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 Tax Committees for Resolution of Tax Violations and Disputes 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, an no date of hearing has been set to date.

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**12. ZAKAT (continued)**

**12.3 Zakat status of the Group's companies (continued)**

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 18/10/2020, 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 letter of guarantee provided to GAZT was canceled in April 2021.

**Arab Resorts Areas Company (ARAC)**

The Company submitted and paid the zakat return and obtained a Zakat certificate for the year ended 31 December 2020, valid till 30 April 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 recorded as a debt on GAZT.

During 2020, the Company settled and paid zakat assessments for the year 2016, 2017 and 2018 under the disclosing initiative for the years from GAZT, which resulted in paying SR 246 thousand for all the years of settlement.

**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 Company's final assessments until 2017. The Company submitted and paid the zakat returns for the years 2018 and 2019. The Company submitted and paid zakat return for the year ended 31 December 2020 and obtained zakat certificate valid until 30 April 2022.

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**13 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
- 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 Group.

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 interim condensed consolidated 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:

- Level1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level2: Valuation techniques so that the minimum limit that can be determined for significant inputs to measure fair value can be observed directly or indirectly.
- Level3: Valuation techniques so that the minimum limit that can be determined for significant inputs to measure fair value cannot be observed.

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**13 FINANCIAL INSTRUMENTS (continued)**

The following table illustrates the book value and fair value of financial assets and liabilities, including their levels and hierarchy of fair value, the fair value information does not include financial assets and liabilities that are not measured at fair value if the book value is a reasonable approximated value of fair value.

	<i>31 March 2021</i>				<i>31 December 2020</i>			
	<i>Total</i>	<i>Amortised cost</i>	<i>fair value through statement of income</i>	<i>Fair value through OCI</i>	<i>Total</i>	<i>Amortised cost</i>	<i>fair value through statement of income</i>	<i>Fair value through OCI</i>
<b><i>Financial assets</i></b>								
Financial asset at fair value	<b>1,159,700,010</b>	-	-	<b>1,159,700,010</b>	932,108,261	-	-	932,108,261
Trade receivables	<b>43,052,394</b>	<b>43,052,394</b>	-	-	18,942,512	18,942,512	-	-
Due from related parties	<b>19,237,231</b>	<b>19,237,231</b>	-	-	19,237,231	19,237,231	-	-
Cash and cash equivalent	<b>293,159,244</b>	<b>293,159,244</b>	-	-	124,030,113	124,030,113	-	-
Short-term Murabaha	<b>20,000,000</b>	<b>20,000,000</b>	-	-	220,000,000	220,000,000	-	-
<b>Total</b>	<b>1,535,148,879</b>	<b>375,448,869</b>	-	<b>1,159,700,010</b>	1,314,318,117	382,209,856	-	932,108,261
<b><i>Financial liabilities</i></b>								
Trade accounts and other payables	<b>33,298,604</b>	<b>33,298,604</b>	-	-	29,729,549	29,729,549	-	-
Dividend payable	<b>187,921,804</b>	<b>187,921,804</b>	-	-	107,935,443	107,935,443	-	-
	<b>221,220,408</b>	<b>221,220,408</b>	-	-	137,664,992	137,664,992	-	-

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**14 EARNINGS (LOSS) PER SHARE**

**Basic earning (loss) per share**

Basis earnings (loss) per share is calculated on distributable income to shareholders for ordinary shares and using weighted average number of ordinary shares at the report date with 160.457.483 shares (31 March 2020: 160.457.483 shares).

**Diluted earning (loss) per share**

Diluted earnings (loss) per share is calculated on distributable income to shareholders for ordinary shares and weighted average for number of outstanding shares amounted at the report date with 160.457.483 shares (31 March 2020: 160.457.483 shares) after amending the impact of potential dilution for ordinary shares, if any.

During the period, there are no transactions that reduce the earnings (loss) per share and therefore the earnings per diluted share is not different from earnings (loss) of basic shares.

**15 DIVIDEND PAYABLE**

On 29 March 2021, the General Ordinary Association No. 39 approved the Board's recommendation dated 16 December 2020 to distribute dividends for the second half of 2020 equivalent to 5% of the capital of SR 80.2 million at SR 0.50 per share, and the following is the movement in the account of dividends due:

	<i>31 March 2021 (Unaudited)</i>	<i>31 December 2020 (Audited)</i>
<b>Balance at 1 January</b>	<b>107,935,443</b>	102,453,789
Dividends declared during the period / year	<b>80,228,742</b>	152,434,609
Dividends paid during the period / year	<b>(242,381)</b>	(146,952,955)
Balance at the end of the period / year	<b><u>187,921,804</u></b>	<u>107,935,443</u>

**16 SEASONAL CHANGES**

The results of business for the three-month period do not necessarily represent an accurate indicator of the actual results of the whole year operations, as the revenues from operating apartments and hotel rooms increase during the hajj and umrah seasons and during summer holidays, and decrease during the rest of the year and these changes are reflected in the group's financial results during the year. Therefore, the business results for this initial period may not be an accurate indication of the actual results of the whole year operations.

Taiba Investment Company  
(A Saudi Joint Stock Company)

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
(CONTINUED)

For the Three-Month Period Ended 31 March 2021  
Saudi Riyals

**17 COVID-19 IMPACT**

The spread of the COVID-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 restrictions on travel, gatherings and curfews.

The extent of COVID-19 pandemic affects the group's business, operations and financial results is confirmed, but without 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, therefore, as at 31 March 2021 ECL reached SR 81,8 million, as well as ceasing any record for rental revenues expected not to continue or to be collected. 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.

**18 COMPARATIVE FIGURES**

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