

ARAB SEA INFORMATION SYSTEMS COMPANY

(A SAUDI JOINT STOCK COMPANY)

RIYADH – SAUDI ARABIA

**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REPORT FOR THE
THREE-MONTHS PERIOD ENDED MARCH 31, 2021**

ARAB SEA INFORMATION SYSTMS COMPANY

(A Saudi Joint Stock Company) – Riyadh

Condensed interim financial statements (unaudited) and independent auditor's report for the three-months period ended March 31, 2021

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

**TO THE SHAREHOLDERS
ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)
RIYADH – KINGDOM OF SAUDI ARABIA**

Introduction

We have reviewed the condensed interim statement of financial position of Arab Sea Information Systems Company – A Saudi Joint Stock Company - ("the Company") as at March 31, 2021, the condensed interim statements of profit or loss and other comprehensive income, the condensed interim changes in shareholders' equity and the condensed interim cash flows for the three months period then ended, and summary of significant accounting policies, and the notes (1) to (18).

Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard - IAS 34 "Interim Financial Reporting" as adopted in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE 2410) "Review of Interim Financial Statements Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statement 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 approved 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 and 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 condensed interim financial statements have not been prepared in all material respects, in accordance with International Accounting Standard No. (34) as adopted in the Kingdom of Saudi Arabia.

Riyadh: Ramadan 6, 1442 H.
April 18, 2021 G.



For EL SAYED EL AYOUTY & CO.



Abdullah A. Balamesh
Certified Public Accountant
License No. (345)

ARAB SEA INFORMATION SYSTEMS COMPANY

(A Saudi Joint Stock Company) – Riyadh

Condensed interim statement of financial position as at March 31, 2021 (Un-audited)

(All amounts in Saudi Riyals unless otherwise stated)

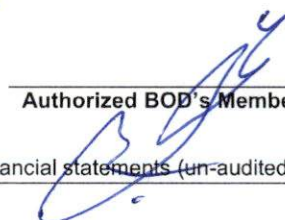
	Notes	31/03/2021 (Un-audited)	31/12/2020 (Audited)
Assets			
Non-current assets			
Property and equipment, net	5	411,004	390,138
Intangible assets, net	6	126,356,913	129,298,818
Total non-current assets		126,767,917	129,688,956
Current assets			
Inventory		11,726,404	12,194,944
Trade receivables, net		15,455,762	14,684,527
Prepaid expenses and other receivables	7	2,126,803	1,746,777
Cash and cash equivalents		2,310,229	3,085,104
Total current assets		31,619,198	31,711,352
Total assets		158,387,115	161,400,308
Shareholder's equity and liabilities			
Shareholder's equity:			
Share capital	8	100,000,000	100,000,000
Statutory reserve		15,385,505	15,385,505
Retained earnings		20,588,310	20,941,453
Total shareholder's equity		135,973,815	136,326,958
Non-current liabilities			
Employees' defined benefits obligations	9	3,821,356	3,667,671
Total non-current liabilities		3,821,356	3,667,671
Current liabilities			
Deferred revenue		8,395,822	9,584,381
Trade payables		1,959,873	1,963,872
Due to related parties	10	1,219,838	1,199,237
Accrued expenses and other payables		4,113,149	4,714,171
Provision for zakat	11	2,903,262	3,944,018
Total current liabilities		18,591,944	21,405,679
Total liabilities		22,413,300	25,073,350
Total shareholder's equity and liabilities		158,387,115	161,400,308



Chief Financial Officer



Chief Executive Officer



Authorized BOD's Member

The accompanying notes 1 to 18 form an integral part of these condensed interim financial statements (un-audited)


ARAB SEA INFORMATION SYSTEMS COMPANY

(A Saudi Joint Stock Company) – Riyadh

Condensed interim statement of profits or losses and other comprehensive income the three months period ended March 31, 2021 (Un-audited)

(All amounts in Saudi Riyals unless otherwise stated)

	<u>Notes</u>	<u>Period from</u> <u>01/01/2021 to</u> <u>31/03/2021</u> (Un-audited)	<u>Period from</u> <u>01/01/2020 to</u> <u>31/03/2020</u> (Un-audited)
Revenue		8,865,988	6,459,016
Cost of revenue		(5,305,252)	(4,891,638)
Gross profit		3,560,736	1,567,378
Selling and distribution expenses		(1,944,501)	(1,546,070)
General and administrative expenses		(1,824,821)	(1,671,858)
Other income		10,074	1,362
(loss) from operating activities		(198,512)	(1,649,188)
Net (loss) overall for the period - before zakat		(198,512)	(1,649,188)
zakat	11	(154,631)	(76,484)
Net (loss) overall for the period		(353,143)	(1,725,672)
Other comprehensive income :			
Items that will not be reclassified in subsequent date to profit or loss			
Other comprehensive income		-	-
Comprehensive (loss) for the period		(353,143)	(1,725,672)
 Basic and diluted (loss) per share attributable to Shareholders of the company from net (loss) for the period	 12	 (0.04)	 (0.17)



Chief Financial Officer



Chief Executive Officer



Authorized BOD's Member

The accompanying notes 1 to 18 form an integral part of these condensed interim financial statements (un-audited)

ARAB SEA INFORMATION SYSTEMS COMPANY

(A Saudi Joint Stock Company) – Riyadh

Condensed interim statement of shareholders' equity for the three months period ended March 31, 2021 (un-audited)

(All amounts in Saudi Riyals unless otherwise stated)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total shareholders' equity</u>
Three months period ended March 31, 2020				
Balance at January1, 2020	100,000,000	15,385,505	36,691,733	152,077,238
Net (loss) for the period	-	-	(1,725,672)	(1,725,672)
Balance at March 31, 2020 (un-audited)	<u>100,000,000</u>	<u>15,385,505</u>	<u>34,966,061</u>	<u>150,351,566</u>
Three months period ended March 31, 2021				
Balance at January1, 2021	100,000,000	15,385,505	20,941,453	136,326,958
Net (loss) for the period	-	-	(353,143)	(353,143)
Balance at March 31, 2021 (un-audited)	<u>100,000,000</u>	<u>15,385,505</u>	<u>20,588,310</u>	<u>135,973,815</u>


Chief Financial Officer
Chief Executive Officer
Authorized BOD's Member

The accompanying notes 1 to 18 form an integral part of these condensed interim financial statements (un-audited)

ARAB SEA INFORMATION SYSTEMS COMPANY

(A Saudi Joint Stock Company) – Riyadh

Condensed interim statement of cash flows for the three months period ended March 31, 2021 (un-audited)

(All amounts in Saudi Riyals unless otherwise stated)

	<u>Period from</u> <u>01/01/2021 to</u> <u>31/03/2021</u> (Un-audited)	<u>Period from</u> <u>01/01/2020 to</u> <u>31/03/2020</u> (Un-audited)
Cash flows from Operating Activities:		
Net (loss) for the period	(353,143)	(1,725,672)
Adjustment to net (loss) for the period:		
Depreciation of property and equipment	19,811	59,035
Amortization of intangible assets	2,941,905	2,854,228
Employees' defined benefits obligations	156,500	147,500
Zakat	154,631	76,484
	2,919,704	1,411,575
Changes during the year:		
Inventory	468,540	519,010
Trade receivables	(771,235)	240,415
Prepaid expenses and other receivables	(380,026)	(320,545)
Trade payables	(3,999)	(184,661)
Deferred revenue	(1,188,559)	(1,029,785)
Due to related parties	20,601	(149,001)
Accrued expenses and other payables	(601,022)	(957,508)
Provision for zakat – paid	(1,195,387)	(46,753)
Employees' defined benefits obligations- paid	(2,815)	(44,326)
Net cash (used in) by operating activities	(734,198)	(561,579)
Cash flows from investing Activities:		
(Purchase) of Property and equipment	(40,677)	(25,246)
Net cash (used in) investing activities	(40,677)	(25,246)
Net (decreased) in cash equivalent during the year	(774,875)	(586,825)
Cash and cash equivalents at the beginning of the year	3,085,104	1,556,438
Cash and cash equivalent at the end of the year	2,310,229	969,613



Chief Financial Officer



Chief Executive Officer



Authorized BOD's Member

The accompanying notes 1 to 18 form an integral part of these condensed interim financial statements (un-audited)

ARAB SEA INFORMATION SYSTEMS COMPANY

(A Saudi Joint Stock Company) – Riyadh

Notes to the condensed interim statement for the three-months period ended March 31, 2021 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

1. General

1.1. Arab Sea Information Systems Company – A Saudi joint stock company - (the "company") incorporated in accordance with the Saudi Companies Law under Ministerial Resolution No. (128 / M) dated 14/4/1429H corresponding to 20/4/2008, under which the announcement of the conversion of the Arab Sea Information Systems Company from a limited liability company to a Saudi joint stock company. It is registered in the Commercial Registration in Riyadh under No. 1010169116 and dated 27/6/1422 H corresponding to (15/9/2001), valid until 26/6/1447 H corresponding to 17/12/2025 - and the address of the head office is Riyadh City PO Box: 40268 Postal Code: 11499.

On April 12, 2020, the company's shares were listed in the main market after the Capital Market Authority approved the transfer request from the parallel market "Nomu" to the main market submitted on March 17, 2020 through the automated system.

The financial statements include the company's accounts and its following branches

Name of the branch	City	CR No.	Date
Network Solutions Branch of the Arab Sea Information Systems Company	Riyadh		
Arab Sea Information Systems Company	Buraidah	1131291891	3/8/1439H
Arab Sea Information Systems Company	Khobar	2051221240	3/8/1439H
Arab Sea Information Systems Company	Tabouk	3550123009	3/8/1439H
Arab Sea Information Systems Company	Jeddah	4030287742	3/8/1439H
Arab Sea Information Systems Company	Khamais Mushait	5855339644	3/8/1439H
Arab Sea Training Center	Riyadh	1010664109	8/3/1442H
Arab Sea Information Systems Company	Dubai Branch - UAE	1383041	-

1.3. Main activities practiced by the company and its Branches

The company's is engaged in reproduction of ready-made computer programs (software) network extensions, installation and extension of computer and communication networks, retail sale of computers and their accessories including (printers and their inks), retail software, design and programming of special software.

1.4. The company's fiscal year starts first of January and ends at the end of December of each calendar year, and the condensed interim financial statements presented for the period started from January1, 2021 until March 31,2021.

2. Basis of preparation

2.1. Statement of compliance

These condensed interim financial statements prepared in accordance with International Accounting Standard - IAS 34 "Interim Financial Reporting as adopted in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA.

These condensed interim financial statements do not include all the information and explanations required in the annual financial statements, so they should be read in conjunction with the annual financial statements of the company for the year ended December 31, 2020.

ARAB SEA INFORMATION SYSTEMS COMPANY

(A Saudi Joint Stock Company) – Riyadh

Notes to the condensed interim statement for the three-months period ended March 31, 2021 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

2. Basis of preparation...(continued)

2.2. Basis of measurement

The condensed interim financial statements have been prepared in accordance with the accrual basis of accounting and the going concern concept, and on the basis of the historical cost principle except for financial assets that are measured at fair value and financial liabilities that are measured at the present value of future liabilities projections using the projected unit credit method.

2.3. Functional and presentation currency

These condensed interim financial statements are presented in Saudi Arabian Riyals ("SR") which is the functional and presentation currency of the company.

2.4. Use of judgments, estimates and assumptions

The preparation of these financial statements requires management to make judgment, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and disclosures of contingent liabilities at the reporting date. Although these estimates are based on the best current information and indicators available to management, the final actual results may differ from these estimates.

These estimates and assumptions are reviewed on an ongoing basis, and the effects arising from adjustment of the accounting estimates are recognized in the period in which such adjustment is made and the subsequent periods.

In particular, assumptions and estimates are represented in the future periods in which this amendment that would be affected.

The significant judgments made by management when applying the company's accounting policies and the significant sources of estimation uncertainties were the same as those applied to the financial statements for the year ended December 31, 2020.

3. Most significant accounting policies adopted

The accounting policies applied to these condensed interim financial statements are the same as those applied to the financial statements for the year ended December 31, 2020

4. Changes in significant accounting policies, new standards, and amendments to standards and interpretations

There are no new standards that have been applied, however, a number of amendments to the standards are in effect as of January 01, 2021, which were explained in the annual financial statements of the company, but do not have a material impact on the interim condensed financial statements of the company.

5. Property and equipment – net

During the three-month period ended March 31, 2021, the company purchased property and equipment at a cost of SR 40,677 (the three-months period ended March 31, 2020: SR 25,246).

ARAB SEA INFORMATION SYSTEMS COMPANY

(A Saudi Joint Stock Company) – Riyadh

Notes to the condensed interim statement for the three-months period ended March 31, 2021 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

6. Intangible assets – net

Software and applications

	<u>31/3/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
Cost		
Balance at beginning of the period/year	240,742,655	240,682,655
Additions during the period/year	-	60,000
Balance at end of the period/year	240,742,655	240,742,655
(Less) accumulated amortization		
Balance at beginning of the period/year	99,773,837	88,356,218
Amortization during the period/year	2,941,905	11,417,619
Balance at end of the period/year	102,715,742	99,773,837
(Less) accumulated impairment		
Balance at beginning of the period/year	11,670,000	6,670,000
Impairment during the period/year	-	5,000,000
Balance at end of the period/year	11,670,000	11,670,000
Net book value as at end of the period/year	126,356,913	129,298,818

The company carried out a study to assess the impairment of intangible assets as on December 31, 2020 and used in that study the office of Ahmed Muhammad Abdullah Al-Faraj to evaluate the economic entities (accredited evaluator license No. 4112000053 in the Saudi Authority for Accredited Valuers). The evaluation has focused on the assumptions that related with the volume of future sales, prices, growth rates, discount rates and other related factors. The results of these assumptions largely depended on the success of future operations according to impairment. This evaluation resulted in an estimate of intangible assets as at December 31, 2020 by an amount of SR 127, 5 million based on the management's estimates and the realization of its plans in the future based on the outcome of the evaluation of the on the present value method of future cash flows, with an impairment of SR 7.4 million of intangible assets. The company decided to impair the intangible assets by an amount of SR 5 million as it is closer to the average estimate of the approved evaluator of the impairment, which estimated its extent within the study (from zero to SR 14.8 million), and the company evaluates the impairment of intangible assets on an annual basis.

7. Prepaid expenses and other receivable balances

	<u>31/3/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
Deposit to incorporate a subsidiary *	1,250,000	1,250,000
Employees' advances and imprest	430,683	446,095
Advances to suppliers	280,579	5,322
Prepaid expenses	146,622	37,351
Margin for Letters of Guarantee	18,919	8,009
	2,126,803	1,746,777

* On 09/17/2020, the approval of the Board of Directors of the Arab Sea Information Systems Company issued to start incorporating a limited liability company based in Riyadh specialized in digital payments wholly owned by the Arab Sea Information Systems Company, after obtaining the necessary approvals from the regulatory and concerned authorities, and dated 13 December 2020, an amount of SR 1,250,000 has been deposited under a bank account in the name of Arab Sea Financial Company - with limited liability - and represents a quarter of the share capital specified for the incorporation of the company and the legal formalities are being completed.

ARAB SEA INFORMATION SYSTEMS COMPANY

(A Saudi Joint Stock Company) – Riyadh

Notes to the condensed interim statement for the three-months period ended March 31, 2021 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

8. Share capital

	<u>31/3/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
Balance at end of the year	100,000,000	100,000,000

The company's share capital is SR 100, 000,000 divided into 10,000,000 shares with a par value of SR10 per share. There were no changes in the share capital during the current financial period.

9. Employees' defined benefits obligations

The company provides a specific plan to reward the end of service for its employees in accordance with the requirements of the labor law in the Kingdom of Saudi Arabia, and the payments under the plan are based on salaries, final allowances for employees and their accumulated years of service on the date of termination of their work. Employee benefit plans are unfunded plans that meet the company's benefit payment obligations as they fall due, and the movement during the period is as follows:

	<u>31/3/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
Balance at beginning of the period/year	3,667,671	3,274,000
Cost of current service	127,250	492,000
Cost of interest	29,250	101,000
Charged to profits and losses	156,500	593,000
Paid during the period /year	(2,815)	(71,094)
Actuarial profits charged to other comprehensive income	-	(128,235)
Balance at end of the period /year	<u>3,821,356</u>	<u>3,667,671</u>

The company carried out future actuarial study for employees' defined benefits obligations at December 31, 2020 and recognized the impact of that study. The company's management did not conduct an actuarial evaluation of employee benefit obligations during the three-month period ended March 31, 2021, as it expects that there will be no significant changes in the present value of the obligations.

10. Transactions with related parties

10.1. Due to related parties

<u>Related party</u>	<u>Nature of relationship</u>	<u>31/3/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
Shareholders current account	Board of directors' members	1,219,838	1,199,237

10.2. Significant transactions with related parties

Transactions with related parties represent entitlements and Board of Director's members' remunerations that approved in accordance with the minutes of the general assembly.

ARAB SEA INFORMATION SYSTEMS COMPANY

(A Saudi Joint Stock Company) – Riyadh

Notes to the condensed interim statement for the three-months period ended March 31, 2021 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

11. Provision for zakat

11.1. Movement in provision for zakat

	<u>31/3/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
Balance at beginning of the period/year	3,944,018	1,768,004
Differences of zakat assessments during the period /year	-	1,844,451
Paid during the period /year	(1,195,387)	(290,129)
Provided during the period /year	154,631	621,692
Balance at end of the period /year	<u>2,903,262</u>	<u>3,944,018</u>

11.2. Zakat status

The company obtained a Zakat assessment until 2018 and dated 07/07/1442H corresponding to 01/03/2021 it obtained the approval of the General Authority for Zakat and Income to pay the remaining unpaid zakat payables of SR 2,552,325.61 in 6 monthly installments in the amount of SR 425,387, the first installment starts on 03/18/2021.

The company submitted its zakat returns until the year ended December 31, 2020, and obtained a certificate valid until April 30, 2022.

12. (Loss) per share:

Basic and diluted (loss) earnings per share were calculated of net (loss) for the period attributable to shareholders amounting to SR (353,143) (2020: SR (1,725,672) divided by weighted average number of issued shares amounting to 10,000,000share (2020: 10,000,000share) and the diluted (loss) earnings per share) was equal to the basic (loss) per share.

13. Segmentation information

The company's products originate in the Kingdom of Saudi Arabia, and it has only two sectors, namely, the computer programs and applications sector, and the computer hardware sector. Neither sector has realized the limits stated in IFRS 8 "Operating segments" for the disclosure of their information.

Geographical distribution of sales

The company conducts its operations in the Kingdom of Saudi Arabia, which is the main local market, and it markets its products in the United Arab Emirates through a branch in Dubai and there are no other geographical sectors other than that, and the company seeks to open new markets for its products outside the Kingdom of Saudi Arabia through agents for it in many countries, the most important of which are Egypt, Yemen, Sudan and India.

The following is a summary of the geographical distribution of sales for the period ended March 31, 2021 (compared to the period ended March 31, 2020).

	<u>Period from</u> <u>1/1/2021 to</u> <u>31/3/2021</u> <u>(unaudited)</u>	<u>Period from</u> <u>1/1/2020 to</u> <u>31/3/2020</u> <u>(unaudited)</u>
Local sales (Inside the Kingdom of Saudi Arabia)	8,865,988	6,446,016
Sales (Outside the Kingdom of Saudi Arabia):		
Dubai branch	-	13,000
	<u>8,865,988</u>	<u>6,459,016</u>

ARAB SEA INFORMATION SYSTEMS COMPANY

(A Saudi Joint Stock Company) – Riyadh

Notes to the condensed interim statement for the three-months period ended March 31, 2021 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

14. Financial instruments and risk management

The company's activities are considered exposed to various financial risks and these risks include: liquidity risk, credit risk and market risk, which consists of (currency risk, fair value risk, cash flows to commission rate and price risk). The company's overall risk management program focuses on unexpected financial market fluctuations and seeks for the possibility of minimizing potential negative impacts on the company's financial performance to a minimum limit.

The company's financial instruments consist of financial assets and they represent (cash and cash equivalents, trade receivables, and other receivables) and financial liabilities represent (trade payables and other payables) and the risks include:

14.1. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in securing the funds necessary to meet its obligations related with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount approximate to its fair value. The company manages liquidity risk and monitors it on a regular basis to ensure that sufficient cash funds are available through bank facilities available to meet any future obligations.

The company's sales terms stipulate that payments are made in cash upon delivery of products or on a credit sale basis, according to credit terms, in which the payment period usually ranges between 30 to 60 days.

All current liabilities are expected to be paid within 12 months from the date of the financial statements. Trade payables are usually paid within 30 to 60 days from the date of purchase.

14.2. Credit risk

Credit risk is the risk of financial loss that falls on the company as a result of the failure of the client or counterparty in a financial instrument to fulfill its contractual obligations. These risks arise mainly from cash at banks and receivables. The company limits its credit risk related to these receivables by setting credit limits. For each client, the outstanding receivables are monitored according to specific policies and procedures. Cash is also deposited at banks with a high credit rating.

14.3. Market risk

Market risk is the risk of fluctuation in a financial instrument due to changes in prices prevailing in the market such as foreign exchange rates, interest rates, and stock prices, which affect the company's income or the value of financial instruments it owns. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

The market risks that the company is exposed to represent the followings:

Currency risk

The risk of change in the value of financial instruments due to changes in foreign exchange rates, which affects payments and receipts in foreign currencies, as well as the valuation of assets and liabilities in foreign currencies.

The company is subject to risks of fluctuations in foreign exchange rates during its normal business cycle, and the management continuously monitors changes in foreign exchange rates and manages the impact on the financial statements.

ARAB SEA INFORMATION SYSTEMS COMPANY

(A Saudi Joint Stock Company) – Riyadh

Notes to the condensed interim statement for the three-months period ended March 31, 2021 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

14. Financial instruments and risk management...(continued)

Fair value risk

Fair value is the value at which an asset is exchanged or a liability settled between willing and acknowledged parties to deal on the same terms and principles as in dealing with other parties. Since the company's financial statements are prepared on the basis of the historical cost method, differences may result between the book value and the fair value estimates. In the opinion of the management, the fair value of the group's financial assets and liabilities approximates its carried forward balances.

Interest rate risk (commissions)

Interest rate risk (commissions) is the risk related to the effects of fluctuations in market interest rates (commissions) on the company financial position and cash flows.

Commodity price risk

Commodity price risk is the risk associated with changes in the prices of certain commodities to which the company is exposed to by unfavorable effect on the costs and cash flows. These risks arise in basic commodity prices from the expected purchases of some commodities and services that are expected to be obtained by the company.

15. Comparative figures

Certain comparative figures for the previous period have been reclassified to conform to the presentation of the financial statements for this period

16. Significant events

At the beginning of the year 2020, the novel Corona pandemic (Covid-19) spread, causing disruption to business and economic activities around the world, including the Kingdom of Saudi Arabia, and the Kingdom took many precautionary measures to confront all the negative consequences of that pandemic. The extent of the impact of the Corona pandemic on the company's business, operations and financial results is something the management believes, but the amounts are not specific and depend on many factors and future developments.

This required the company's management to reassess the main assumptions, estimates and sources applicable to the company's financial statements for the year ended December 31, 2020, and the condensed interim financial statements for the period ended March 31, 2021.

During the period, and with the discovery of vaccines for this pandemic and the decline of the effects resulting from that pandemic, the management evaluated all effects on the operations and activities of the company, and based on this evaluation, there was no need to make substantial adjustments in the condensed interim financial statements for the period ended March 31, 2021, however, In view of the current uncertainty, any future change in assumptions and estimates results may arise thereof, that require substantial adjustments to the carrying values of assets and / or liabilities in future periods. In view of the rapid development of the current situation with the existence of uncertainty about the future, management will continue to evaluate the impact based on future developments.

17. Subsequent events to the date of the financial statements

The management believes that there are no other significant subsequent events from the condensed interim statement of financial position date at March 31, 2021 until the date of approval of these condensed interim financial statements that may have a material impact on the financial position as shown in these condensed interim financial statements.

18. Approval of the condensed interim financial statements

These condensed interim financial statements for the period ended 31 March, 2021, were approved by the Board of Directors on xxx 2021 (corresponding to xxx 1442H)