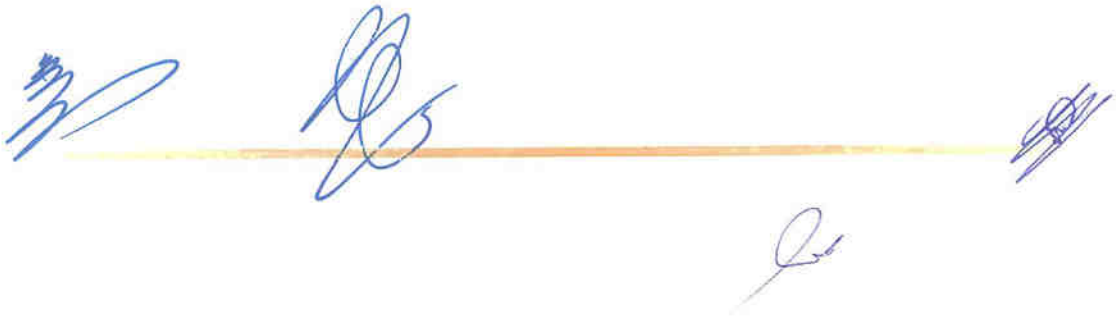


**ALDREES PETROLEUM AND TRANSPORT SERVICES COMPANY
(A Saudi Joint Stock Company)**

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022
TOGETHER WITH REPORT ON REVIEW OF CONDENSED INTERIM
FINANCIAL STATEMENTS

A horizontal line with a yellow-to-orange gradient is drawn across the page. Above the line, there are four handwritten signatures in blue ink. The first signature is on the left, the second is in the middle-left, the third is in the middle-right, and the fourth is on the far right. Below the line, there is a single handwritten signature in blue ink.

Crowe


Al Azem & Al Sudairy & Al Shaikh & Partners
CPA's & Consultants - Member Crowe Global

**ALDREES PETROLEUM AND TRANSPORT SERVICES COMPANY
(A Saudi Joint Stock Company)**

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE- MONTHS PERIOD ENDED MARCH 31, 2022
TOGETHER WITH REPORT ON REVIEW OF CONDENSED INTERIM
FINANCIAL STATEMENTS**

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Amro Mahmoud Abouelmaaty Siam
FM


Hamad Mohammad Aldrees
Chairman


Eng. Abdulelah Saad Aldrees
CEO





**REPORT ON REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

**TO: THE SHAREHOLDERS OF
ALDREES PETROLEUM AND TRANSPORT SERVICES COMPANY
(A Saudi Joint Stock Company)**

Introduction:

We have reviewed the accompanying condensed interim statement of financial position of **ALDREES PETROLEUM AND TRANSPORT SERVICES COMPANY** (the "Company") as at 31 March 2022, and the related condensed interim statements of comprehensive income, changes in shareholders' equity and cash flows for the three months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard (34) "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim 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 condensed 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 condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard (34) "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia.



**AlAzem, AlSudairy, AlShaikh & Partners
Certified Public Accountants**



**Abdullah M. AlAzem
License No. 335**

16 Ramadan 1443H (April 17, 2022)
Riyadh, Kingdom of Saudi Arabia



**Salman B. AlSudairy
License No. 283**

Audit, Tax & consultants

**Musab A. AlShaikh
License No. 658**



**Abdullah M. AlAzem
License No. 335**



Aldrees Petroleum and Transport Services Company
(A Saudi Joint Stock Company)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022

(All amounts in Saudi Riyals)

	Note	31 March 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
NON CURRENT ASSETS			
Property and equipment, net	4	1,328,537,800	1,297,099,068
Right-of-use assets, net	5-1	3,132,978,620	3,026,862,518
Deferred costs, net		18,268,502	18,383,404
Investment in joint ventures	6	14,662,977	14,216,933
TOTAL NON CURRENT ASSETS		4,494,447,899	4,356,561,923
CURRENT ASSETS			
Due from a related party	8	2,350,883	2,235,071
Investments at fair value through profit or loss	7	67,022,271	19,956,843
Other assets		164,696,288	172,510,537
Prepaid expenses		156,345,199	127,210,096
Inventories, net		99,794,455	112,397,567
Accrued income		57,689,927	37,039,437
Trade accounts receivable, net		398,761,664	333,554,998
Cash and cash equivalents		227,217,370	273,964,384
TOTAL CURRENT ASSETS		1,173,878,057	1,078,868,933
TOTAL ASSETS		5,668,325,956	5,435,430,856
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	10	750,000,000	750,000,000
Statutory reserve		95,350,189	95,350,189
Retained earnings		99,719,265	149,799,650
TOTAL SHAREHOLDERS' EQUITY		945,069,454	995,149,839
LIABILITIES			
NON CURRENT LIABILITIES			
Long term loans	9	35,089,286	48,500,000
Non-current portion of lease liabilities	5-2	2,731,446,972	2,598,029,680
Employees' defined benefits liabilities		102,042,929	91,313,728
TOTAL NON CURRENT LIABILITIES		2,868,579,187	2,737,843,408
CURRENT LIABILITIES			
Provision for zakat payable	12	5,739,619	9,978,098
Current portion of lease liabilities	5-2	267,222,200	332,676,161
Accrued expenses and other liabilities		403,930,606	408,567,231
Due to a related party	8	610,053	1,822,077
Trade payables		1,044,103,408	916,322,613
Current portion of long term loans	9	33,071,429	33,071,429
Short term loans	9	100,000,000	-
TOTAL CURRENT LIABILITIES		1,854,677,315	1,702,437,609
TOTAL LIABILITIES		4,723,256,502	4,440,281,017
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		5,668,325,956	5,435,430,856

The accompany from (1) to (21) are integrated part of these condensed interim financial statements.

Aldrees Petroleum and Transport Services Company
(A Saudi Joint Stock Company)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2022

(All amounts in Saudi Riyals)

	<i>Note</i>	<i>For the three months period ended 31 March 2022 (Unaudited)</i>	<i>For the three months period ended 31 March 2021 (Unaudited)</i>
Revenues		2,780,125,717	1,759,656,639
Cost of revenues		(2,643,941,798)	(1,658,643,214)
GROSS PROFIT		136,183,919	101,013,425
Selling and marketing expenses		(1,169,273)	(811,399)
General and Administrative expenses		(51,023,733)	(36,799,394)
Other income, net		246,225	350,246
INCOME FROM OPERATIONS		84,237,138	63,752,878
Financial charges		(28,548,951)	(24,220,780)
Company share in gains of investment in joint venture		446,044	1,496,437
Profit / Loss from investment at fair value through profit or loss		7,785,384	(232,951)
INCOME BEFORE ZAKAT ESTIMATED		63,919,615	40,795,584
Zakat estimated		(1,500,000)	(1,435,000)
NET INCOME FOR THE PERIOD		62,419,615	39,360,584
OTHER COMPREHENSIVE INCOME:			
ITEMS NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS:			
Re-measurement for employees' defined benefits		-	-
TOTAL COMPREHENSIVE INCOME		62,419,615	39,360,584
Basic and diluted earnings per share:			
Income from operations	13	1.12	0.85
Net income	13	0.83	0.52

The accompany from (1) to (21) are integrated part of these condensed interim financial statements.

**Aldrees Petroleum and Transport Services Company
(A Saudi Joint Stock Company)**

CONDENSED INTERIM STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2022
(All amounts in Saudi Riyals)

	<i>Share Capital</i>	<i>Statutory reserve</i>	<i>Retained earnings</i>	<i>Total</i>
Balance at 1 January 2022	750,000,000	95,350,189	149,799,650	995,149,839
Dividends (Note 11)	-	-	(112,500,000)	(112,500,000)
Total comprehensive income for the period	-	-	62,419,615	62,419,615
Balance at 31 March 2022 (Unaudited)	<u>750,000,000</u>	<u>95,350,189</u>	<u>99,719,265</u>	<u>945,069,454</u>
Balance at 1 January 2021	600,000,000	77,669,693	214,812,678	892,482,371
Total comprehensive income for the period	-	-	39,360,584	39,360,584
Balance at 31 March 2021 (Unaudited)	<u>600,000,000</u>	<u>77,669,693</u>	<u>254,173,262</u>	<u>931,842,955</u>

The accompany from (1) to (21) are integrated part of these condensed interim financial statements.

Aldrees Petroleum and Transport Services Company
(A Saudi Joint Stock Company)

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2022

(All amounts in Saudi Riyals)

	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
OPERATING ACTIVITIES		
Income before zakat estimated	63,919,615	40,795,584
Adjustment for:		
Depreciation	30,282,675	27,421,060
Depreciation of right of use asset	61,570,320	66,526,316
Company share in gains of investment in joint venture	(446,044)	(1,496,437)
(Gain) / Loss from investment at fair value through profit or loss	(7,785,384)	232,951
Amortization of deferred costs	451,402	507,500
loss on sale of property and equipment	126,073	799,226
Provision for employees' defined benefits	14,158,130	3,889,771
	<u>162,276,787</u>	<u>138,675,971</u>
Changes in operating assets and liabilities:		
Trade accounts receivable	(65,206,666)	(83,128,184)
Accrued income	(20,650,490)	(12,538,317)
Inventories	12,603,112	(23,233,400)
Prepaid expenses	(29,135,103)	3,216,690
Other assets	7,814,249	(70,411,797)
Net change in related parties	(1,327,836)	422,828
Trade payables	127,780,795	160,401,527
Accrued expenses and other liabilities	(4,636,625)	(24,381,935)
Cash from operations	<u>189,518,223</u>	<u>89,023,383</u>
Employees' defined benefits paid	(3,428,929)	(2,928,498)
Zakat paid	(5,738,479)	(3,878,218)
Net cash from operating activities	<u>180,350,815</u>	<u>82,216,667</u>
INVESTING ACTIVITIES		
Purchase investments at fair value through profit and loss	(78,671,254)	(80,000,000)
Selling investments at fair value through profit or loss	39,391,210	-
Cash In portfolio – investments at fair value through profit or loss	-	96,056,401
Deferred costs	(336,500)	(7,675,062)
Purchase of property and equipment	(62,648,661)	(65,847,840)
Proceeds from sale of property and equipment	801,181	2,904,713
Net cash used in investing activities	<u>(101,464,024)</u>	<u>(54,561,788)</u>
FINANCING ACTIVITIES		
Proceeds from short term loans	175,000,000	488,000,000
Repayment of short term loans	(75,000,000)	(282,606,575)
Repayment of long term loans	(13,410,714)	(15,601,189)
Repayment of lease liabilities	(99,723,091)	(72,525,001)
Dividends paid	(112,500,000)	-
Net cash (used in) / from financing activities	<u>(125,633,805)</u>	<u>117,267,235</u>
CHANGE IN CASH AND CASH EQUIVALENTS BALANCES	<u>(46,747,014)</u>	<u>144,922,114</u>
CASH AND CASH EQUIVALENTS BALANCES, AT BEGINNING OF PERIOD	<u>273,964,384</u>	<u>76,958,955</u>
CASH AND CASH EQUIVALENTS BALANCES, END OF PERIOD	<u>227,217,370</u>	<u>221,881,069</u>

The accompany from (1) to (21) are integrated part of these condensed interim financial statements.

Aldrees Petroleum and Transport Services Company (A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2022 (All amounts in Saudi Riyals)

1) ORGANISATION AND ACTIVITIES

Aldrees Petroleum and Transport Services Company (the "Company") is a Saudi Joint Stock Company registered in Riyadh, the Kingdom of Saudi Arabia under commercial registration number 1010002475 issued in Riyadh on 13 Rabi Al-Thani 1382H (corresponding to 12 September 1962),

The Company's objectives as per its commercial registration, include retail and wholesale trading of fuel, lubricants, catering services and the transportation of goods using highways in the Kingdom of Saudi Arabia in accordance with license number 11/00001327, establishment of vehicle workshops and car washes and acquisition of land to construct buildings for sale or lease for the interest of the Company and construction, managing, operating and renting take away centres for hot and cold beverages and food.

2) BASIS OF PREPARATION

(a) Statement of compliance:

These Condensed Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Company's last annual Financial Statements as at and for the year ended 31 December 2021. They do not include all of the information required for a complete set of IFRS Financial Statements however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since December 31, 2021.

The Capital Market Authority issued the decision of the Board of Commissioners on (15) Muharram 1438H (16 October 2016) to require listed companies to apply the cost model when measuring the assets of property and equipment, investment properties and intangible assets when adopting the IFRS for a period of 3 years begin from the date of adoption of the International Financial Reporting Standards, On December 31, 2019, it issued a decision including the following:

- Requiring listed companies to continue using the cost model option to measure real estate and investment properties for the financial periods of the fiscal year that begin before 2022.
- Allowing listed companies to use the fair value or revaluation model to measure real estate and investment properties for the financial periods of the fiscal year starting during or after 2022.
- Listed companies will continue to be required to use the cost model option to measure machinery, equipment, and intangible assets for a period of five years, starting from 1/1/2020, and the authority will study the appropriateness of continuing to decide to use this model at the end of this period or the appropriateness to allow the use of the fair value model option or re-evaluation.

The company's current liabilities are in excess of current assets by SR 680,799,258 However, the management and board of directors assumed that the company have the ability to continue as a going concern. It is their assessment that the company will generate sufficient profits and cash flows to meet ongoing liabilities and scheduled repayments. These condensed interim financial statements have been accordingly prepared on a going concern basis.

(b) Basis of measurement:

The condensed interim financial statements have been prepared on the historical cost basis using the accrual basis of accounting except for the following.

- Investments at fair value through profit and loss measured at fair value.
- Employee benefits obligations that are recognized at the present value of future liabilities using the expected credit unit method.



Aldrees Petroleum and Transport Services Company
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2022
(All amounts in Saudi Riyals)

2) BASIS OF PREPARATION (continued)

(c) Functional and presentation currency:

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

(d) Use of estimates and judgments:

The preparation of condensed interim financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant estimates made by the management when applying the company's accounting policies and the significant sources of uncertainties in the estimates were similar to those shown in the last annual financial statements.

3) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim financial statements are in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and are the same policies applied in the company's annual financial statements for the year ended December 31, 2021.

The main accounting policies applied in preparing these condensed interim financial statements have been applied consistently to all periods presented.

New standards and amendments to standards and interpretations

No new standards have been issued, however, a number of amendments to the standards are in effect as of January 1, 2022, which have been explained in the company's annual financial statements, but have no material impact on the Company's condensed interim financial statements.

4) PROPERTY AND EQUIPMENT, NET

During the three months period ended March 31, 2022, the Company addition to property and equipment were SR 62,648,661 (SR 65,847,840 March 31, 2021).

During the three-month period ended March 31, 2022, the Company disposed of property and equipment with a net book value of SR 927,254 (March 31, 2021: SR 3,703,939) which resulted in losses /Gain on sale of property and equipment for the three-month period on March 31, 2022 amounting to SR 126,073 (March 31, 2021: SR 799,226).

During the three-month period ended March 31, 2022, depreciation expense of property and equipment amounted to SR 30,282,675 (SR 27,421,060 for the three month ended March 31, 2021)



Aldrees Petroleum and Transport Services Company
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
 FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2022
 (All amounts in Saudi Riyals)

5) RIGHT OF USE ASSETS, NET

5/1 The movement in the right to use assets as follows:

	31 March 2022 (Unaudited)		31 December 2021 (audited)	
	Depreciation	Balance	Depreciation	Balance
Land	80,877	106,533	338,294	187,410
Building	61,489,443	3,132,872,087	266,939,657	3,026,675,108
Total right of use	61,570,320	3,132,978,620	267,277,951	3,026,862,518

Additions to the right to use assets during the period ended March 31, 2022: SR 220 million (March 31, 2021: SR 356 million)

5/2 Lease Liabilities

-The table below shows the lease obligations based on the contractual maturity date:

	As at 31 March 2022 (Unaudited)	As at 31 December 2021 (Audited)
	Non-current portion of lease liabilities	2,731,446,972
Current portion of lease liabilities	267,222,200	332,676,161
Total lease liabilities	2,998,669,172	2,930,705,841

The total interest expense on lease liabilities recognized during the period ended March 31, 2022: SR 24,9 million (March 2021: SR 21,5 million).

Expenses related to short-term and low-value lease contracts amounted to SR 10 million, SR 8,7 million respectively.

6) INVESTMENT IN JOINT VENTURES

On 21 Sha'aban 1434 (corresponding to 30 June 2013), the Company has signed a joint venture (JV) agreement with Bertschi AG, an entity incorporated in Switzerland, to establish a jointly controlled entity to provide logistic services. During the period ended 22 March 2015, the Company and co-venture have made a contribution of SR 500,000 each towards the establishment of the jointly controlled entity.

The following is the movement in the investments account.

	As at 31 March 2022 (Unaudited)	As at 31 December 2021 (Audited)
At the beginning of the period / year	14,216,933	10,305,404
Investment gain of the period / year	446,044	3,911,529
At the end of period / year	14,662,977	14,216,933




Aldrees Petroleum and Transport Services Company
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
 FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2022
 (All amounts in Saudi Riyals)

7) INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments classified at fair value include through profit or loss on financial assets invested in shares traded

31 March 2022			
Name	Cost	Unrealized gains on revaluation of investments	Fair value
Investments in traded securities	62,625,254	4,273,267	66,898,521
Investments in funds	133,050	(9,300)	123,750
	<u>62,758,304</u>	<u>4,263,967</u>	<u>67,022,271</u>
31 December 2021			
Name	Cost	Unrealized gains on revaluation of investments	Fair value
Investments in traded securities	19,816,629	60,214	19,876,843
Investments in real estate funds	92,300	(12,300)	80,000
	<u>19,908,929</u>	<u>47,914</u>	<u>19,956,843</u>

The investment was classified as an investment at fair value through profit or loss. Because the company's management keeps it for short-term sale, with unrealized profits or losses included in the revaluation of the net asset value of the fund in the statement of profit or loss.

The investment movement at fair value through profit and loss during the period/ year was as follows:

	March 31, 2022 SR	December 31, 2021 SR
At the beginning of the period / year	19,956,843	20,294,200
Addition during the year	78,671,254	75,263,485
Selling investments during the year	(39,391,210)	(76,050,700)
Unrealized gains /(loss) on revaluation of investments at fair value through profit or loss	4,263,967	47,914
Realized gains on revaluation of investments at fair value through profit or loss	3,521,417	401,944
At the end of the period / year	<u>67,022,271</u>	<u>19,956,843</u>






Aldrees Petroleum and Transport Services Company
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
 FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2022
 (All amounts in Saudi Riyals)

8) RELATED PARTIES

During the period, the Company dealt with the related parties mentioned below. These transactions were made during the ordinary business cycle and the terms of these transactions were approved by the Board of Directors.

<u>Name</u>	<u>Relationship</u>
Mr. Hamad Mohammed Aldrees	Shareholder
Mr. Abdulmohsen Mohammed Aldrees	Shareholder
Al - Drees for Industry and Trading	Affiliate
Seven Lights Trading Company	Affiliate
Aldrees Bertschi Joint	Joint venture

The following are the most important transactions with related parties:

<u>Nature of the transaction</u>	<u>31 March 2022 (Unaudited)</u>	<u>31 December 2021 (Audited)</u>
Purchase of machinery, equipment and spare parts	1,085,401	4,829,642
Rental expenses (depreciation of the right to use the assets)	645,504	2,603,694
Interest-free financing	2,350,883	2,235,071

The balances of related parties are as follows:

	<u>As at 31 March 2022 (Unaudited)</u>	<u>As at 31 December 2021 (Audited)</u>
<u>Due from a related party:</u>		
Aldrees Bertschi	2,350,883	2,235,071
<u>Due to related party:</u>		
Al - Drees for Industry and Trading	610,053	1,822,077

Aldrees Petroleum and Transport Services Company
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2022

(All amounts in Saudi Riyals)

9) LOANS

In the normal course of business, the Company has obtained Islamic long term and short term facilities from various local commercial banks as of March 31, 2022 amounting to SR 5,760 million (31 December 2021: SR 4,440 million). These facilities include advances in the current account, short term and long-term Tawarruq loans, notes payable, letters of guarantee against the advance payments and contracts performance. The Company has unutilized facilities amounting as at 31 March 2022 SR 2,218 million (31 December 2021: SR 1,750 million). The following is the details of outstanding balance as of:

- a) Short-term loans outstanding as at March 31, 2022 amounted to SR 100,000,000 (31 December 2021: SR Zero).
b) Long term loans consist of the following:

Bank	Type of facilities	Facility amount in SR		Utilized amount in SR		Outstanding Balance in SR		Purpose	Repayment frequency	Repayment	
		31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021			Starting date	Ending date
Riyadh Bank	Revolving long term tawarruq financing	50,000,000	50,000,000	-	-	-	-	Finance the operations	Monthly	30 Mar 2013	23 Aug 2021
Saudi National Bank	Revolving Long term tawarruq financing	75,000,000	75,000,000	72,000,000	72,000,000	46,285,715	56,571,429	Finance the working capital and acquisition of property and equipment	Quarterly	06 Jun 2020	19 May 2024
Al Btlad Bank	Revolving long term tawarruq financing	38,000,000	50,000,000	38,000,000	50,000,000	21,875,000	25,000,000	Acquisition of trucks and fuel stations	Monthly	12 Dec 2019	12 Dec 2023
		163,000,000	175,000,000	110,000,000	122,000,000	68,160,715	81,571,429				

The above facilities bear finance charges at SIBOR plus agreed margins and are secured by promissory notes issued by the Company.

The loan agreements referred to above includes financial covenants relating to current ratio, liabilities to total equity ratio, net gearing ratio, debt service coverage ratio and total condensed interim shareholders' equity.



**Aldrees Petroleum and Transport Services Company
(A Saudi Joint Stock Company)**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2022**

(All amounts in Saudi Riyals)

10) SHARE CAPITAL

The Company's share capital at March 31, 2022 amounted to SR 750 million (31 December 2021: SR 750 million) of 75 million shares (2021: 75 million shares) fully paid with a nominal value of SR 10 per share.

11) DIVIDENDS AND BOARD OF DIRECTORS' REMUNERATIONS

The general assembly in its meeting on 27 Rajab 1443H (corresponding to 28 February 2022) has approved to distribute cash dividends amounting to SR 112,5 million representing SR 1,5 per share representing 15% of the Company's share capital. and Disburse an amount of SAR 500,000 to each member of the board of directors and the secretary of the board of directors for the year 2021. The amount distributed as in accordance with the regulations of the ministry of commerce and the Capital Market Authority.

12) PROVISION FOR ZAKAT PAYBLE

Status of assessment

The Company has filed its zakat declaration for all years up to 31 December 2021. The assessments have been finalized with the Zakat, Tax and Customs Authority (The "ZATCA") for all years up to 31 December 2018.

The assessments for the year ended December 31, 2019, 2020 & 2021 have not been raised by the ZATCA, yet.

13) EARNINGS PER SHARE

Earnings per share attributable to income from operations and net income was calculated by dividing income from operations and net income for the period by the weighted average number of outstanding shares of 75 million as of 31 March 2022 (31 March 2021: 75 million shares).

The number of shares has been retrospectively adjusted for the prior period to reflect the effect of the bonus share issue.

14) COMMITMENTS AND CONTINGENCIES

At 31 March 2022, the Company has outstanding contingent liabilities in the form of letters of guarantee amounting to SR 3,173.9 million (31 December 2021: SR 2,689.8 million).

In addition, the company has capital commitments as of 31 March 2022 amounting to SR 69,4 million (31 December 2021: SR 68,4 million).

15) SEGMENTAL INFORMATION

Since the Company carries out its activities entirely in the Kingdom of Saudi Arabia, reporting is provided by business segment only. The Company has determined its business segments on the basis of type of goods supplied and services rendered by the Company's business segments and reported to the Company's executive management for the purposes of resource allocation and assessment of segment performance.

Transactions between the business segments are based on an arm length basis. For executive management purposes, the Company is organized in the following business segments:

- Petroleum Service Segment
- Transport Services Segment

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15) **SEGMENTAL INFORMATION (continued)**

The selected segment information is provided by business segments as follows:

	<i>Petroleum service</i>	<i>Transport Services</i>	<i>Intercompany eliminations</i>	<i>Total</i>
<u><i>As of 31 March 2022 – unaudited</i></u>				
Total assets	5,181,859,664	688,381,966	(201,915,674)	5,668,325,956
Total liabilities	4,594,981,029	330,191,147	(201,915,674)	4,723,256,502
Revenue	2,711,537,831	100,220,396	(31,632,510)	2,780,125,717
Cost of Revenue	2,601,159,082	74,415,226	(31,632,510)	2,643,941,798
Gross profit	110,378,749	25,805,170	-	136,183,919
Depreciation and amortization	80,503,074	11,801,323	-	92,304,397
Income from operations	72,573,324	11,417,589	-	83,990,913
Net income for the period	51,348,649	11,070,966	-	62,419,615
Deferred cost additions	336,500	-	-	336,500
Capital expenditure additions	54,206,137	8,442,524	-	62,648,661
<u><i>Total assets and Liabilities</i></u>				
<u><i>As of 31 December 2021 - audited</i></u>				
Total assets	4,918,515,400	671,682,957	(154,767,501)	5,435,430,856
Total liabilities	4,293,232,915	301,815,603	(154,767,501)	4,440,281,017
<u><i>As of 31 March 2021 - unaudited</i></u>				
Revenue	1,712,602,046	71,054,740	(24,000,147)	1,759,656,639
Cost of Revenue	1,626,820,720	55,822,641	(24,000,147)	1,658,643,214
Gross profit	85,781,326	15,232,099	-	101,013,425
Depreciation and amortization	82,285,040	12,169,836	-	94,454,876
Income from operations	59,485,170	3,917,462	-	63,402,632
Net income for the period	35,352,966	4,007,618	-	39,360,584
Deferred cost additions	7,675,062	-	-	7,675,062
Capital expenditure additions	41,567,165	24,280,675	-	65,847,840

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16) FINANCIAL RISK MANAGEMENT

The company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Commission rate risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

Risk management framework

The management has overall responsibility for the establishment and oversight of company's risk management framework.

The company's risk management policies are established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company's policy is that all customers who wish to trade on credit terms are subject to credit worthiness evaluation process. Financial instruments that expose the Company to concentrations of credit risk consist primarily of accounts receivable. The Company places its bank balances with a number of financial institutions with sound credit ratings and has a policy of limiting its balances deposited with each institution. The Company does not believe that there is a significant risk of non-performance by these financial institutions. The Company does not consider itself exposed to a concentration of credit risk with respect to accounts receivable due to its diverse customer base operating in various industries and located in many regions.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the financial position date was as follows:

	Requested value	
	As of 31 March 2022	As of 31 December 2021
Trade accounts receivable, net	398,761,664	333,554,998
Investments at fair value through profit or loss	67,022,271	19,956,843
Cash and cash equivalents	227,217,370	273,964,384
Accrued income	57,689,927	37,039,437
Other assets	164,696,288	172,510,537
Due from related parties	2,350,883	2,235,071
	<u>917,738,403</u>	<u>839,261,270</u>

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16) FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

It is the risk that the Company 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 Company manages its liquidity risk by ensuring that Islamic bank facilities are available, The terms and conditions of the facilities are disclosed in note 9, The Company's terms of sales require amounts to be paid either on cash on delivery or on terms basis, Trade payables are normally settled within 60 days of the date of purchase.

The following are the contracted maturities of financial liabilities, including estimated interest payments:

31 March 2022

(Unaudited)

	<u>Carrying Amount</u>	<u>Contractual Cash Flows</u>	<u>Less than a year</u>	<u>More than a year</u>
Loans	168,160,715	(168,160,715)	(133,071,429)	(35,089,286)
Lease Liabilities	2,998,669,172	(2,998,669,172)	(267,222,200)	(2,731,446,972)
Trade payables	1,044,103,408	(1,044,103,408)	(1,044,103,408)	-
Due to related party	610,053	(610,053)	(610,053)	-
Accrued expenses and other liabilities	403,930,606	(403,930,606)	(403,930,606)	-
Zakat payable	5,739,619	(5,739,619)	(5,739,619)	-
Employees' defined benefits liabilities	102,042,929	(102,042,929)	-	(102,042,929)
	<u>4,723,256,502</u>	<u>(4,723,256,502)</u>	<u>(1,854,677,315)</u>	<u>(2,868,579,187)</u>

31 December 2021

(Audited)

Loans	81,571,429	(81,571,429)	(33,071,429)	(48,500,000)
Lease Liabilities	2,930,705,841	(2,930,705,841)	(332,676,161)	(2,598,029,680)
Trade payables	916,322,613	(916,322,613)	(916,322,613)	-
Due to related party	1,822,077	(1,822,077)	(1,822,077)	-
Accrued expenses and other liabilities	408,567,231	(408,567,231)	(408,567,231)	-
Zakat payable	9,978,098	(9,978,098)	(9,978,098)	-
Employees' defined benefits liabilities	91,313,728	(91,313,728)	-	(91,313,728)
	<u>4,440,281,017</u>	<u>(4,440,281,017)</u>	<u>(1,702,437,609)</u>	<u>(2,737,843,408)</u>

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the prevailing market commission rates, The Company is subject to commission rate risk on its commission bearing Islamic short term and long term facilities.

Currency risk

It is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates, Management monitors fluctuations in foreign currency exchange rates, and believes that the Company is not exposed to significant currency risk since the Company did not undertake significant transactions in currencies other than Saudi Riyal and US Dollars, The Saudi Riyal is pegged to the US Dollar, accordingly, balances and transactions in US Dollars are not considered to represent significant currency risk.

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16) FINANCIAL RISK MANAGEMENT (continued)

Fair Value

Fair value represents 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 Company has access 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 Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- 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 the asset or liability that are not based on observable market data (unobservable inputs).

<u>March 31, 2022</u>	<i>Value</i> SR	<i>Level (1)</i> SR	<i>Level (2)</i> SR	<i>Level (3)</i> SR
Assets measured at fair value				
Investment at fair value through profit and loss	67,022,271	67,022,271	-	-

<u>December 31, 2021</u>	<i>Value</i> SR	<i>Level (1)</i> SR	<i>Level (2)</i> SR	<i>Level (3)</i> SR
Assets measured at fair value				
Investment at fair value through profit and loss	19,956,843	19,956,843	-	-

The company has not disclosed the fair values of financial instruments such as cash and cash equivalents, commercial and debit accounts, commercial credit accounts, amounts payable and other current liabilities, given that their book values are a reasonable approximation of the fair value and that is largely due to the short-term maturity dates for these instruments.

17) Covid -19

Impact of Covid-19 on the financial statements for the period ending March 31, 2022

Concerning the current events related to the Coronavirus (Covid-19) and the precautionary measures taken by the official authorities, including a 24-hour curfew, which had some negative impact on the company's business. The company's management, since the beginning of the crisis, is constantly following the developments and taking the necessary measures and procedures to face that crisis and reduce its effects on the company and its work, including the support provided by the state to companies to confront these effects. Whereas, the company is one of the companies exempted from the ban due to the company selling strategic goods and providing logistical services represented in transporting hydrocarbons and dry materials, and accordingly, the company's business continues during the pandemic period, the Company has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the financial statement. Below are the key assumptions about the future and other key sources of estimation that may have a significant risk of causing material adjustments to the interim condensed financial statements for the period ended March 31, 2022.

The Company continues to monitor the Covid-19 situation closely although at this time management is not aware of any factors that are expected to change the impact of the pandemic on the Company's operations during 2022 or beyond

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18) INTERIM RESULTS

The results of operations for the condensed interim periods may not be an accurate indication of the results of the full year operations.

19) EVENT AFTER THE REPORTING PERIOD

The management believes there are no material subsequent events for the period ending on March 31, 2022 which may have a significant impact on the Company's interim condensed statement of financial position as shown in these condensed interim financial statements.

20) COMPARATIVE FIGURS

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

21) APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements were approved by the Board of Directors on 16 Ramadan, 1443 H (corresponding to April 17 2022).