

**NASEEJ INTERNATIONAL TRADING COMPANY**

(FORMERLY KNOWN AS AL SORAYAI TRADING AND  
INDUSTRIAL GROUP COMPANY)

(A SAUDI JOINT STOCK COMPANY)

**UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
FOR THE THREE MONTHS AND NINE MONTHS PERIOD  
ENDED SEPTEMBER 30, 2020**

**NASEEJ INTERNATIONAL TRADING COMPANY**  
**(FORMERLY KNOWN AS AL SORAYAI TRADING AND INDUSTRIAL GROUP COMPANY)**  
**(A Saudi Joint Stock Company)**

---

**Index**

<b>CONTENTS</b>	<b>PAGE</b>
INDEPENDENT AUDITORS' REVIEW REPORT	
STATEMENT OF INTERIM CONDENSED CONSOLIDATED FINANCIAL POSITION AS AT SEPTEMBER 30, 2020	1
STATEMENT OF INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME AS AT SEPTEMBER 30, 2020	2
STATEMENT OF CHANGES IN INTERIM CONDENSED CONSOLIDATED EQUITY AS AT SEPTEMBER 30, 2020	3
STATEMENT OF INTERIM CONDENSED CONSOLIDATED CASH FLOWS AS AT SEPTEMBER 30, 2020	4 – 5
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	6 – 14

**REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****TO THE SHAREHOLDERS****NASEEJ INTERNATIONAL TRADING COMPANY  
(FORMERLY KNOWN AS AL SORAYAI TRADING AND  
INDUSTRIAL GROUP COMPANY)  
(A SAUDI JOINT STOCK COMPANY)****REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020****Introduction**

We have reviewed the accompanying condensed consolidated statement of financial position of NASEEJ INTERNATIONAL TRADING COMPANY (FORMERLY KNOWN AS AL SORAYAI TRADING AND INDUSTRIAL GROUP COMPANY) (the "Company") as at September 30, 2020 and the related condensed interim consolidated statements of profit and loss and comprehensive income for the three-months and nine-months periods ended September 30, 2020 and the condensed consolidated interim statements of changes in equity and condensed consolidated interim cash flows for the nine-month period then ended and condensed consolidated interim notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim 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 condensed consolidated 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", as 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, as 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.

**Material uncertainty related to going concern**

We draw attention to Note 2 to the condensed consolidated interim financial statements, which indicates, the accumulated losses amounts to SR 116.53 million that represents 65.41% of the Company's share capital as of September 30, 2020. These conditions indicate that material uncertainty exists regarding Company's ability to continue as a going concern.

As a corrective measure, the Board of Directors recommended in its meeting held on 11/02/1442H corresponding to September 28, 2020 to absorb the accumulated losses of the Company amounting to SR 77.41 million by voiding the 7.74 million shares issued by the company. On completion of this loss absorption / capital reduction, the company will increase its share capital by SR 150 million by issuing right shares. The above corrective measures are subject to approval from relevant official authorities and extraordinary general meeting of the Company.

Accordingly, our conclusion is not qualified in respect of this matter.

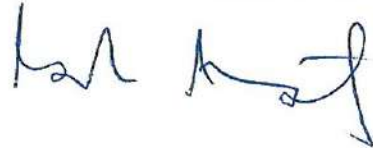
**REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**TO THE SHAREHOLDERS  
NASEEJ INTERNATIONAL TRADING COMPANY  
(FORMERLY KNOWN AS AL SORAYAI TRADING AND  
INDUSTRIAL GROUP COMPANY)  
(A SAUDI JOINT STOCK COMPANY)**

**REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020 (CONTINUED)****Conclusion**

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

Jeddah: November 09, 2020  
Rabi ul Awal 23, 1442H.

**FOR EL SAYED EL AYOUTY & CO.**

**Mohamed El Ayouty  
Certified Public Accountant  
License No. (211)**



**NASEEJ INTERNATIONAL TRADING COMPANY**  
**(FORMERLY KNOWN AS AL SORAYAI TRADING AND INDUSTRIAL GROUP COMPANY)**  
(A Saudi Joint Stock Company)

**Statement of interim condensed consolidated financial position as at September 30, 2020**

(All amounts in Saudi Riyals Thousands unless otherwise stated)

	Notes	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment – net		182,217	195,095
Investment in associates and a joint ventures	11	14,588	15,142
Right to use assets	4	25,492	27,112
<b>Total non-current assets</b>		<b>222,297</b>	<b>237,349</b>
<b>Current assets</b>			
Inventories, net		154,220	164,065
Trade receivables, net		89,412	95,276
Due from related parties	10.3	5,838	4,214
Prepayments and other receivables, net		27,966	13,913
Cash and cash equivalent		52,792	4,531
<b>Total current assets</b>		<b>330,228</b>	<b>281,999</b>
<b>TOTAL ASSETS</b>		<b>552,525</b>	<b>519,348</b>
<b>EQUITY HOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		178,160	65,500
Accumulated losses		(116,528)	(32,405)
<b>Total shareholders' equity</b>		<b>61,632</b>	<b>33,095</b>
<b>Non-current liabilities</b>			
Loans and borrowings - non current	5	149,642	154,557
Right to use obligations - non current	4	21,907	21,907
Employees' defined benefit obligations		19,997	21,496
Derivative financial instruments		3,026	2,648
<b>Total non-current liabilities</b>		<b>194,572</b>	<b>200,608</b>
<b>Current liabilities</b>			
Share of losses of an investments in associates and a joint venture more than cost		455	455
Loans and borrowings – current	5	174,810	167,556
Right to use obligations – current	4	4,640	4,240
Trade payables		43,085	44,079
Due to related parties	10.4	26,428	31,059
Other payables		29,417	22,004
Zakat payable		17,486	16,252
<b>Total current liabilities</b>		<b>296,321</b>	<b>285,645</b>
<b>Total liabilities</b>		<b>490,893</b>	<b>486,253</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>552,525</b>	<b>519,348</b>

The annexed notes from 1 to 13 form an integral part of these financial statements.

# NASEEJ INTERNATIONAL TRADING COMPANY

(FORMERLY KNOWN AS AL SORAYAI TRADING AND INDUSTRIAL GROUP COMPANY)

(A Saudi Joint Stock Company)

## Statement of interim condensed consolidated profit and loss and other comprehensive income as at September 30, 2020

(All amounts in Saudi Riyals Thousands unless otherwise stated)

	Three month period		Nine month period	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	Unaudited		Unaudited	
<b>Continuous operations</b>				
Sales – net	48,524	64,646	128,535	182,396
Cost of sales	(46,724)	(62,796)	(123,189)	(189,165)
<b>Gross profit / (loss)</b>	<b>1,800</b>	<b>1,850</b>	<b>5,346</b>	<b>(6,769)</b>
Selling and distribution expenses	(8,229)	(8,554)	(23,780)	(29,199)
General and administration expenses	(5,883)	(6,927)	(15,661)	(18,824)
Impairment of current assets / revaluation – net	(24,626)	8,575	(29,152)	(33,600)
Other income – net	2,999	14,356	7,235	28,331
<b>Operating (loss) / profit</b>	<b>(33,939)</b>	<b>9,300</b>	<b>(56,012)</b>	<b>(60,061)</b>
Gain / (loss) due to change in fair value of derivatives	615	(255)	(378)	(1,637)
Loss on investment in associates and joint venture	(389)	(225)	(553)	(1,867)
Financial charges	(4,039)	(5,152)	(15,761)	(16,282)
<b>(Loss) / profit before zakat</b>	<b>(37,752)</b>	<b>3,668</b>	<b>(72,704)</b>	<b>(79,847)</b>
Zakat expenses	(999)	(600)	(2,908)	(1,800)
<b>(Loss) / profit for the period</b>	<b>(38,751)</b>	<b>3,068</b>	<b>(75,612)</b>	<b>(81,647)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified in subsequent date to profit or loss (net after zakat)</i>				
Loss on revaluation of employees defined benefit obligations.	(372)	(559)	(1,118)	(1,674)
<b>Net income of items that will not be reclassified in subsequent date to profit or loss (net after zakat)</b>	<b>(372)</b>	<b>(559)</b>	<b>(1,118)</b>	<b>(1,674)</b>
<b>Total other comprehensive loss</b>	<b>(372)</b>	<b>(559)</b>	<b>(1,118)</b>	<b>(1,674)</b>
<b>Total other comprehensive (loss) / profit –net</b>	<b>(39,123)</b>	<b>2,509</b>	<b>(76,730)</b>	<b>(83,321)</b>
<b>(Loss) / gain per share</b>	<b>(2.18)</b>	<b>0.18</b>	<b>(4.89)</b>	<b>(3.97)</b>

The annexed notes from 1 to 13 form an integral part of these financial statements.



**NASEEJ INTERNATIONAL TRADING COMPANY**  
**(FORMERLY KNOWN AS AL SORAYAI TRADING AND INDUSTRIAL GROUP COMPANY)**  
(A Saudi Joint Stock Company)

**Statement of changes in interim condensed consolidated equity as at September 30, 2020**

(All amounts in Saudi Riyals Thousands unless otherwise stated)

	Share capital	Accumulated losses	Total shareholders' equity
As at January 01, 2019	225,000	(74,948)	150,052
Effect of IFRS 16	-	997	997
As at January 01, 2019 (restated)	225,000	(73,951)	151,049
Net loss for the period	-	(81,647)	(81,647)
Loss on revaluation of employees' defined benefit obligations	-	(1,674)	(1,674)
Absorption of accumulated losses	(159,500)	159,500	-
<b>As at September 30, 2019 (unaudited)</b>	<b>65,500</b>	<b>2,228</b>	<b>67,728</b>
As at January 01, 2019	225,000	(74,948)	150,052
Effect of IFRS 16	-	997	997
As at January 01, 2019 (restated)	225,000	(73,951)	151,049
Net loss for the year	-	(116,207)	(116,207)
Loss on revaluation of employees' defined benefit obligations	-	(1,747)	(1,747)
Absorption of accumulated losses against capital	(159,500)	159,500	-
<b>As at December 31, 2019 (audited)</b>	<b>65,500</b>	<b>(32,405)</b>	<b>33,095</b>
As at January 01, 2020	65,500	(32,405)	33,095
Increase in share capital	112,660	-	112,660
Net loss for the period	-	(75,612)	(75,612)
Cost to increase share capital	-	(7,393)	(7,393)
Loss on revaluation of employees' defined benefit obligations	-	(1,118)	(1,118)
<b>As at September 30, 2020 (unaudited)</b>	<b>178,160</b>	<b>(116,528)</b>	<b>61,632</b>

The annexed notes from 1 to 13 form an integral part of these financial statements.



**NASEEJ INTERNATIONAL TRADING COMPANY**  
**(FORMERLY KNOWN AS AL SORAYAI TRADING AND INDUSTRIAL GROUP COMPANY)**  
(A Saudi Joint Stock Company)

**Statement of interim condensed consolidated cash flows as at September 30, 2020**

(All amounts in Saudi Riyals Thousands unless otherwise stated)

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
<b>Operating activities</b>		
Loss before zakat	(72,704)	(113,430)
<b>Adjustments for:</b>		
Depreciation	12,968	28,773
Provision for employees' defined benefit obligations	3,034	4,335
Financial charges	15,761	22,202
Impairment on current assets / revaluation – net	29,152	45,745
Amortization of right to use assets	400	2,108
Loss on disposal of property, plant and equipment	(3,399)	(14,555)
Other losses	(1,118)	(14,250)
Share of profit from an associate and joint ventures	554	670
Gain in fair value of derivatives financial instruments	378	1,100
Operating profit before working capital changes	(14,974)	(37,302)
<b>Working capital changes:</b>		
Inventories, net	(18,855)	46,105
Trade receivables, prepayments and other receivables, net	(8,641)	59,765
Due from related parties	1,620	5,942
Right to use assets	(1,624)	-
Trade payables and other payables	6,419	(42,500)
Due to related parties	(4,631)	(15,026)
Cash flows from operating activities	(40,686)	16,984
Financial charges paid	(15,761)	(22,202)
Zakat paid	(1,674)	(2,773)
Employees' defined benefits paid	(4,533)	(8,625)
Net cash used in from operating activities	(62,654)	(16,616)
<b>Investing activities</b>		
Purchase of property, plant and equipment	(95)	(1,701)
Proceeds from disposal of property, plant and equipment	3,404	1,297
Net cash provided by / (used in) from investing activities	3,309	(404)
<b>Financing activities</b>		
Loans and borrowings - net movement	2,339	16,678
Increase in share capital	112,660	-
Cost incurred to addition in share capital	(7,393)	-
Net cash flows provided by financing activities	107,606	16,678
Net increase / (decrease) in cash and cash equivalents	48,261	(342)
Cash and cash equivalents as at January 01,	4,531	4,873
Cash and cash equivalents as at September 30, / December 31,	52,792	4,531

The annexed notes from 1 to 13 form an integral part of these financial statements.

Handwritten signatures and stamps are present at the bottom of the page, including a large blue circular stamp and several handwritten signatures in blue ink.



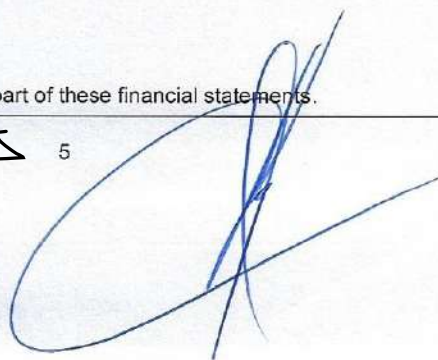
**NASEEJ INTERNATIONAL TRADING COMPANY**  
**(FORMERLY KNOWN AS AL SORAYAI TRADING AND INDUSTRIAL GROUP COMPANY)**  
(A Saudi Joint Stock Company)

**Statement of interim condensed consolidated cash flow as at September 30, 2020 (Continued)**

(All amounts in Saudi Riyals Thousands unless otherwise stated)

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
<b>Adjustments for non-cash transactions:</b>		
Due to related parties	-	15,000
Proceeds from disposal of property, plant and equipment	-	(15,000)
Impact of IFRS 16 on shareholders equity	-	997
Impact of IFRS 16 on non current assets	(25,492)	(28,976)
Impact of IFRS 16 on non current liabilities	21,907	24,080
Impact of IFRS 16 on current assets	4,640	4,240
Due to related parties	-	14,250
Other revenue	-	(14,250)
Finance cost paid	4,372	4,240
Loans and borrowings - net movement	(4,372)	(4,240)

The annexed notes from 1 to 13 form an integral part of these financial statements.


**NASEEJ INTERNATIONAL TRADING COMPANY**  
**(FORMERLY KNOWN AS AL SORAYAI TRADING AND INDUSTRIAL GROUP COMPANY)**  
(A Saudi Joint Stock Company)

---

**Notes to the interim condensed consolidated financial statements**

(All amounts in Saudi Riyals Thousands unless otherwise stated)

**1. Corporate information**

Naseej International Trading Company (formerly known as Al Sorayai Trading and Industrial Group Company) (the "Parent Company") is a Saudi Joint Stock Company which was established in the Kingdom of Saudi Arabia in accordance with the Ministry of Commerce and industry's resolution No.523/Q dated 21 Dul-Hijja 1428H, corresponding to December 31, 2007.

During 2010, the Parent Company offered 9 million shares for public subscription representing 30% of its share capital. Thus, the Parent Company converted to a public joint stock company.

The company is engaged in the import, export, wholesale and retail trade in carpets and rugs, flooring, furniture and furnishings, antiques, office furniture, kitchens, blankets, bed sheets, curtain fabrics and accessories and manufacturing of carpets and tuft according to the Ministry of Industry and Electricity's resolution No 1566/S dated 20 Dhul Hijja 1420H and manufacturing of industrial yarn from polypropylene, nylon, processed polypropylene treatment and processed nylon (polymide) according to the Ministry of Commerce resolution No 1699/S issued on 27 Dul Hijja 1424H and commercial services. Additionally, the Company may invest in other companies. These activities are carried out through the main Commercial Registration No 4030133919 issued on 5 Rabi Awal 1422 H corresponding to May 28, 2001. In the general assembly meeting held on May 22, 2012, the shareholders resolved to add activities which are to invest in real estate for investment purposes.

During 2012, the board of directors proposed to increase the Parent Company's share capital from SR 300 million to SR 375 million from the retained earnings by issuing one share for every four share owned by the shareholders. The shareholders approved the increase in share capital in their general assembly meeting held on April 01, 2013 and issued the shares on April 01, 2013. The Parent company's share capital is SR 375,000,000 divided into 37,500,000 shares of SR 10 each.

During December 2017, the Extraordinary General Assembly Meeting held on December 28, 2017, decided to amortize the accumulated losses were as at September 30, 2017 by capital reduction amounted to SR 150 Million, and the use of the entire statutory reserve and general reserve. To become the capital after reduction SR 225 Million instead of SR 375 million and the company's commercial register amended after capital deduction dated on Jumada Al Awal 1439H corresponding to January 24, 2018.

During December 2017, the Extraordinary General Assembly Meeting held on December 28, 2017, decided to amortize the accumulated losses were as at September 30, 2017 by capital reduction amounted to SR 150 Million, and the use of the entire statutory reserve and general reserve. To become the capital after reduction SR 225 Million instead of SR 375 million and the company's commercial register amended after capital deduction dated on Jumada Al Awal 1439H corresponding to January 24, 2018.

During August 2019, the Extraordinary General Assembly Meeting held on August 28, 2019, decided to amortize the accumulated losses were as at June 30, 2019 by capital reduction amounted to SR 159.5 Million, to become the capital after reduction SR 65.5 Million instead of SR 225 million, and become number of stocks 6.55 million stocks instead of 22.5 million stocks. and the company's commercial register amended after capital deduction dated on Safar 1441H corresponding to October 23, 2019.

Based on the decision of the extraordinary general assembly of the group held on January 22, 2020, the shareholders decided to increase the capital from SR 65.5 million to SR 178.16 million, so that the value of the capital increase will be SR 112.66 million, as a strategic direction for the group to raise the solvency of the group through the restructuring and the implementation of an action plan focusing on its main activities. On February 16, 2020, the share capital increase procedures were completed, the results of the offering period were announced, regulatory procedures were completed, and the commercial registration was amended with the value of the new capital in February 24, 2020.

The shareholders decided, based on the decision of the extraordinary general assembly of the group, held on 3 Ramadan 1441 H, corresponding to April 26, 2020, agreed to change the name of the company from Al-Sorayai Trading and Industrial Group Company to Naseej International Trading Company.



**NASEEJ INTERNATIONAL TRADING COMPANY**  
**(FORMERLY KNOWN AS AL SORAYAI TRADING AND INDUSTRIAL GROUP COMPANY)**  
(A Saudi Joint Stock Company)

---

**Notes to the interim condensed consolidated financial statements**

(All amounts in Saudi Riyals Thousands unless otherwise stated)

**1. Corporate information (Continued)**

The company's headquarter is located at Jeddah city.

The parent company has 3 main branches of factories, the name of Jeddah's branch for the industrial fabric and the Al Jazeera for spinning and carpets has been amended as stated below:

Name of the branch	Name of the amended branch	Commercial registration
Jeddah Industrial Textile Factory	Jeddah Industrial Thread Factory	4030115974
Al – Sorayai Carpet Factory	Al - Sorayai Carpet Factory	4030131014
Al Jazeera for Spinning and Rugs	Al Jazeera for Spinning and Carpets	4030181265

In addition to 16 branches as showrooms and warehouses, these consolidated financial statements include the business of these branches, its assets and liabilities.

**2. Going concern**

The accumulated losses amounts to SR 116.53 million that represents 65.41% of the Company's share capital as of September 30, 2020. These conditions indicate that material uncertainty exists regarding Company's ability to continue as a going concern.

As a corrective measure, the Board of Directors recommended in its meeting held on 11/02/1442H corresponding to September 28, 2020 to absorb the accumulated losses of the Company amounting to SR 77.41 million by voiding the 7.74 million shares issued by the company. On completion of this loss absorption / capital reduction, the company will increase its share capital by SR 150 million by issuing right shares. The above corrective measures are subject to approval from relevant official authorities and extraordinary general meeting of the Company.

Accordingly, these interim condensed consolidated financial statements have been prepared on a basis of going concern.

**3. Significant accounting policies**

**3.1. Statements of compliance**

The condensed consolidated interim financial statements for the three months ended September 30, 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted in the Kingdom of Saudi Arabia as well as other standards and announcements endorsed by Saudi Organization for Certified Public Accountant (SOCPA).

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2019, except the modification in depreciation policy plant and equipment from the straight line to unit production method (Note 3.5).

As required by Capital market authority (CMA) through its circular issued at October 16, 2016, the Group should apply cost model to measure the property, plant and equipment, investment properties, and non- tangible assets upon adoption of the International Financial Reporting Standards for three years, commencing from the application of IFRSs. However, subsequently, this has been extended until December 31, 2021.

**NASEEJ INTERNATIONAL TRADING COMPANY**  
**(FORMERLY KNOWN AS AL SORAYAI TRADING AND INDUSTRIAL GROUP COMPANY)**  
(A Saudi Joint Stock Company)

**Notes to the interim condensed consolidated financial statements**

(All amounts in Saudi Riyals Thousands unless otherwise stated)

**3. Significant accounting policies (Continued)**

**3.2. Basis of preparation**

These interim condensed consolidated financial statements have been prepared on the historic cost basis except for the following material items in the condensed consolidated statement of financial position.

- Derivative financial instruments are measured at fair value.
- Equity investment is measured at fair value through OCI.
- The employees' defined benefit obligation is recognised at the present value of future obligations using the Projected Unit Credit Method.

The condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, and require management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of the interim condensed consolidated financial statements. These significant estimates and assumptions have been disclosed in the annual consolidated financial statements for the year ended December 31, 2019.

The Group's condensed consolidated interim financial statements are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The condensed consolidated interim financial statements are presented in Saudi riyals, which is the functional and presentation currency. The numbers were rounded to the nearest thousand riyals, unless otherwise stated.

**3.3. Basis of consolidation**

These condensed consolidated interim financial statements includes the financial statement of the Parent company and the following subsidiaries (herein after referred to as "Group").

Name	Note	Main activity	Ownership holding	
			2020	2019
The Home Style Company LLC	a)	Retail trade in carpets, rugs, floors, furniture, blankets, curtain fabrics and accessories	100%	100%
Millenium Weavers Holding Company Limited	b)	Distribution of carpets, floors and other related products	100%	100%
Al Sorayai Company for Operations and Maintenance Ltd.		Maintenance services for factories, governmental and private institutions	100%	100%
Al Sorayai for Projects Company LLC (The activity is suspended)		Government and private project services for furniture, rugs and carpets	100%	100%

- a) The Home Styles Company LLC ("the subsidiary"), was incorporated in November 2010. As the Parent Company is the 100% beneficial owner of the subsidiary, these consolidated financial statements include 100% of the results of the subsidiary. Under the restructuring of the Group and upon the approval of the Board of Directors at its 2017 meetings, the Group will consolidate the operations of the subsidiary in the Group under the commercial segment.
- b) Millennium Weavers Holding Company LLC and Millennium Weavers LLC were incorporated in United States of America during January 2011. During 2017, the Group's board of directors has decided to close Millennium Weavers LLC and retaining the holding company. The Company's management is working to complete all required process for legal and tax procedures for the closure.

**Control is achieved when the Company has:**

- The ability to control the investee
- The emergence of the company's right to variable returns as a result of its association with the investee
- The ability to use its control to influence investment returns

The company re-evaluates whether it controls any of the investees or not, if the facts and circumstances indicate changes to one or more of the control elements referred to above.



**NASEEJ INTERNATIONAL TRADING COMPANY**  
**(FORMERLY KNOWN AS AL SORAYAI TRADING AND INDUSTRIAL GROUP COMPANY)**  
(A Saudi Joint Stock Company)

---

**Notes to the interim condensed consolidated financial statements**

(All amounts in Saudi Riyals Thousands unless otherwise stated)

**3. Significant accounting policies (Continued)**

**3.3. Basis of consolidation (Continued)**

When the voting rights of the company, in any of the investees, are less than the majority of the voting rights in them, the company has control over that investee. When the voting rights are sufficient to give it practical ability to direct the activities related to the investee with a separate manner. The company takes into account all relevant facts and conditions when assessing whether the company has voting rights in the investee to grant it control. These facts and circumstances include:

- The amount of voting rights the group owns in relation to the size and extent of ownership of other voting rights holders
- Potential voting rights owned by the company and other voting rights holders or other parties
- Rights arising from other contractual arrangements
- Any additional facts and circumstances that may indicate that the company has, or does not have, the current ability to direct relevant activities when needed to make decisions, including how to vote at previous shareholders' meetings

The consolidated process of the subsidiary starts when the company can control the subsidiary, while that process is discontinued when the company loses the control over the subsidiary. In particular, revenue and expenses of the acquired or disposed of subsidiary are included during the period in the statement of consolidated profit or loss and the comprehensive income from the date of the control until the date of expiry of control of the company over the subsidiary.

Statement of consolidated profit or loss and all elements of the other comprehensive income are distributed to the shareholders of the company. The total other comprehensive income of the subsidiary is also distributed to the shareholders.

If necessary, adjustments would be made to the financial statements of the subsidiary so as its accounting policies to be in conformity with those used by the group.

All transactions and balances, including assets, liabilities, equity, revenue, expenses and cash flows arising from transactions between the companies of the group upon consolidation are disposed of.

**Changes in the group's equity in existing subsidiaries**

Changes in the group's ownership in subsidiaries that do not lead to a loss of control are accounted for as equity transactions. The reported values of the group's equity and the non-controlling interests are adjusted to reflect changes in their ownership in the subsidiaries. Any difference between the value of the amendment of non-controlling interests and the fair value of the consideration paid or received is directly included in the equity and is attributable to the shareholders of the company.

When the group loses control of the subsidiary, any profit or loss is recognized in the consolidated income statement and calculated based on the difference between

1. the total fair value of the amount received and the fair value of any retained interest and ,
2. the previously recorded book value of the assets (including goodwill), the liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income related to that subsidiary are accounted for as if the group had directly disposed of the assets or liabilities of the subsidiary (i.e. reclassification to profit, loss, or transfer to another classification in equity as specified/permitted) In accordance with international standards for financial reporting).

The fair value of the percentages that are retained from the investment in the previous subsidiary at the date of loss of control is considered as a fair value for the remaining investment upon initial recognition in subsequent periods and is in accordance with IFRS 9, and in the event the company becomes an associate or a joint venture, the fair value is considered as cost for initial recognition of investment in an associate or a joint venture.

**NASEEJ INTERNATIONAL TRADING COMPANY**  
**(FORMERLY KNOWN AS AL SORAYAI TRADING AND INDUSTRIAL GROUP COMPANY)**  
(A Saudi Joint Stock Company)

**Notes to the interim condensed consolidated financial statements**

(All amounts in Saudi Riyals Thousands unless otherwise stated)

**3. Significant accounting policies (Continued)**

**3.4. New Standards, Amendments to Standards and Interpretations**

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2020 and has been explained in Group annual Consolidated Financial Statements, but they do not have a material effect on the Group's Condensed Consolidated Interim Financial Statements.

**3.5. Changes in accounting estimates**

Based on the decision of the Group's Board of Directors on Rabi 'al-Athani 19,1441h corresponding to December 16, 2019, the depreciation policy of certain plant and equipment has been changed from the straight-line method with the specified depreciation rates for each type of property, plant and equipment to the method of production units effective January 1, 2020 provided that depreciation is as follows:

Item	Depreciation method
Buildings	Straight – line
Plant, equipment and tools	Straight – line, production units
Improvements and décor	Straight – line
Furniture, fixtures, and office equipment	Straight – line
Motor vehicles	Straight – line

The expected production units for each construction machine was estimated based on a study prepared by the production department and a survey by the factory for certain plant and equipment, and accordingly the final study has been prepared to determine the units expected to be produced by those plant and equipment that have been approved by the company's board of directors. Therefore, the depreciation during the period January 01, 2020 until September 30, 2020, was calculated for these plant and equipment.

Impact of change on the accounting estimate is as follows:

	Value
Depreciation expense for the period in accordance with the straight line method	18,065
Depreciation expense for the period in accordance with the production units method	12,968
Impact of change on the depreciation method estimate decrease	(5,097)

**4. Right to use assets and lease obligations**

Right to use assets and obligations arising from leases represent the followings:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
<b>Right to use</b>		
As at the beginning of the period / year	29,220	29,220
As at end of the period / year	29,220	29,220
<b>Depreciation</b>		
Depreciation as at beginning of the period / year	2,108	-
Depreciation during the period / year	1,620	2,108
Balance as at end of the period / year	3,728	2,108
Right to use assets	25,492	27,112
<b>Total balance of obligation</b>	26,547	26,147
Current portion	(4,640)	(4,240)
Non-current portion	21,907	21,907



**NASEEJ INTERNATIONAL TRADING COMPANY**  
**(FORMERLY KNOWN AS AL SORAYAI TRADING AND INDUSTRIAL GROUP COMPANY)**  
(A Saudi Joint Stock Company)

**Notes to the interim condensed consolidated financial statements**

(All amounts in Saudi Riyals Thousands unless otherwise stated)

**5. Loans and borrowings**

			<b>September 30, 2020 (Unaudited)</b>	<b>December 31, 2019 (Audited)</b>
<b>A) Short term loans</b>				
Short term loans and banks payable	(1)	A	<u>106,030</u>	<u>107,045</u>
<b>B) Deferred loans</b>				
Outstanding balance		B	<u>218,422</u>	<u>215,068</u>
Balance of deferred loan			<u>218,422</u>	<u>215,068</u>
<b>Less:</b>				
Long term of deferred loans			<u>(149,642)</u>	<u>(154,557)</u>
<b>Loans and borrowings – current portion</b>	(2)		<u>68,780</u>	<u>60,511</u>
<b>Loans and borrowings – non current portion</b>	(1+2)		<u>174,810</u>	<u>167,556</u>

- A) The company has credit facilities from local banks in the form of letters of guarantee, letters of credit and Islamic murabaha to finance letters of credit, foreign exchange contracts, tawarruq facilities and deferred murabaha. These facilities are guaranteed by promissory notes in favor of the banks. The facility agreements include specific conditions that require, among other things, to maintain certain rates, shareholders' rights, and balances related to related parties within certain limits, with restrictions on dividends.
- B) During the year 2012, the group obtained a long-term loan amounting to SR 53 million from the Saudi Industrial Development Fund (SIDF). The first installment was due in February 2013, followed by semi-annual installments, knowing that this loan is secured by a mortgage for all the properties and equipment of the Jeddah Industrial Thread Factory (Previously, Jeddah Industrial Textile Factory) and the purpose of this loan is to finance the expansion at the Jeddah Industrial Thread Factory (Previously - Jeddah Industrial Textile Factory) and carpet factories. The loan agreement includes specific conditions that require maintenance of certain rates and maintenance of a minimum level of credit worthiness and a minimum of liquidity.
- C) During the first quarter of the year 2019, the Group restructured loans from short term loans to long term loans and as well the restructure was made during the first quarter of 2020.
- D) During the year 2019, the Company has obtained short term credit facilities from the Ministry of Finance in the form of interest free loan, amounting to SR 40 million, that could be used in payment of local and foreign suppliers' bills.
- E) The loans and borrowings contain certain financial covenants. Breach of any covenant during the tenure of the loan may lead to renegotiation including withdrawal of facility or repayment on demand etc. The covenants are monitored on a periodic basis by management. In case of potential breach, actions are taken by management to ensure compliance.

During the period September 30, 2020, there has been non-compliance of certain covenants on outstanding loans and borrowings with various banks. Management is under discussion with these financial institutions for waiver and expects such waiver for future periods as per agreement. Accordingly, the loans were not repayable on demand as at September 30, 2020.

**6. Contingencies**

The company in the ordinary course of business has the following contingencies:

	<b>September 30, 2020 (Unaudited)</b>	<b>December 31, 2019 (Audited)</b>
Letters of credit	<u>4,247</u>	<u>1,880</u>
Bank guarantees	<u>3,340</u>	<u>3,049</u>
Promissory notes	<u>354,757</u>	<u>346,483</u>

The promissory notes issued to local banks represent guarantees issued against the outstanding credit facilities to the Group, in addition to a promissory note with amount of SR 20 million as a guarantee from the Group to its share in the existing investment in the Arab Calcium Carbonate Company (sister company) issued to a local bank.

**NASEEJ INTERNATIONAL TRADING COMPANY**  
**(FORMERLY KNOWN AS AL SORAYAI TRADING AND INDUSTRIAL GROUP COMPANY)**  
(A Saudi Joint Stock Company)

**Notes to the interim condensed consolidated financial statements**

(All amounts in Saudi Riyals Thousands unless otherwise stated)

**7. Loss per share**

Loss per share is calculated by dividing net loss over the weighted average to the existing number of shares during the period.

**8. Derivative financial instruments**

The Group has several financial derivatives that are classified as cash flow hedging instruments to cover fluctuations in cash flows resulting from interest rates and foreign currency exchange rates that are subject to fluctuations in market prices. As per the Group policy, derivative instruments are not used for trading or speculative purposes.

The following table shows the details of the nominal amounts and the remaining existing periods at the reporting date:

Instrument	Nominal value of hedging instrument	Book value of hedding instruments	
		September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Interest rate swap	94,500	3,026	2,648

**9. Business sector information**

As per management's view, the Group's activities are divided into two main activities as follows:

	For the three months period ended			For the nine months period ended		
	September 30, 2020			September 30, 2020		
	Sales	Cost of sales	Total profit	Sales	Cost of sales	Total profit
Flooring	41,713	(41,860)	(147)	107,793	(104,982)	2,811
Non – flooring	6,811	(4,863)	1,948	20,742	(18,207)	2,535
	<u>48,524</u>	<u>(46,724)</u>	<u>1,800</u>	<u>128,535</u>	<u>(123,189)</u>	<u>5,346</u>
	September 30, 2019			September 30, 2019		
	Sales	Cost of sales	Total profit	Sales	Cost of sales	Total profit
Flooring	56,928	(56,127)	801	153,024	(156,465)	(3,441)
Non – flooring	7,718	(6,669)	1,049	29,372	(32,700)	(3,328)
	<u>64,646</u>	<u>(62,796)</u>	<u>1,850</u>	<u>182,396</u>	<u>(189,165)</u>	<u>(6,769)</u>

**NASEEJ INTERNATIONAL TRADING COMPANY**  
**(FORMERLY KNOWN AS AL SORAYAI TRADING AND INDUSTRIAL GROUP COMPANY)**  
(A Saudi Joint Stock Company)

**Notes to the interim condensed consolidated financial statements**

(All amounts in Saudi Riyals Thousands unless otherwise stated)

**10. Related parties transactions and balances**

**10.1. Nature of relationship**

The Company has undertaken transactions with the following related parties during the period/year.

<b>Name of the related parties</b>	<b>Relationship</b>
Green Vision For Industrial Grass Ltd	Affiliates
Saudi Carpet Supplies Manufacturing Co. Ltd. (Matex)	Affiliates
Al Tadamon Alawal Company	Affiliates
Khalid Hamdan Al- Sorayai Est.	Affiliates
Pioneer company for industrial investment	Affiliates
Snasco Investment Group Holding Company (Snasco)	Affiliates
Al Hekma International Real Estate Development Company	Affiliates
Jadat Al Raqi Investment and Real Estate	Affiliates
Others	Shareholders

**10.2. Significant transactions**

	<b>September 30, 2020 (Unaudited)</b>	<b>December 31, 2019 (Audited)</b>
Purchases	<b>10,432</b>	12,902
Payment/ finance	<b>1,256</b>	-
Sales	<b>8,789</b>	26,018
Disposal of property, plant and equipment	-	15,000
Other income	-	14,250
Accruals to senior management	<b>2,520</b>	14,250
Board of directors' remuneration	<b>752</b>	1,783
Rental	<b>1,575</b>	4,333

**10.3. Due from related parties**

Al Tadamon Alawal Company	<b>3,013</b>	1,014
Khalid Hamdan Al- Sorayai Est	<b>2,825</b>	3,200
	<b>5,838</b>	4,214

**10.4. Due to related parties**

Saudi Carpet Supplies Manufacturing Co. Ltd. (Matex)	<b>8,316</b>	10,812
Al Hekma International Real Estate Development Company	<b>10,231</b>	10,891
Pioneer company for industrial investment	<b>1,659</b>	1,105
Jadat Al Raqi for Investment and Real Estate	<b>4,086</b>	3,149
Snasco Investment Group Holding Company (Snasco)	<b>1,644</b>	1,745
Mr. Mohammed Bin Naser Al – Sorayai	-	3,000
Others	<b>492</b>	357
	<b>26,428</b>	31,059



**NASEEJ INTERNATIONAL TRADING COMPANY**  
**(FORMERLY KNOWN AS AL SORAYAI TRADING AND INDUSTRIAL GROUP COMPANY)**  
(A Saudi Joint Stock Company)

**Notes to the interim condensed consolidated financial statements**

(All amounts in Saudi Riyals Thousands unless otherwise stated)

**11. Investment in associates and joint ventures**

		Arab Company for Calcium Carbonate Manufacturing	Al-Salam Private College Company	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Share capital	(1)	5,000	250	5,250	5,250
Long term payments	(2)	16,880	-	16,880	16,880
Group's share in business results 1/1		(6,738)	(705)	(7,443)	(6,773)
Group's share in results of period / year		(554)	-	(554)	(670)
Group's share in business results	(3)	(7,292)	(705)	(7,997)	(7,443)
Balance at end of the period/ year	(1+2+3)	14,588	(455)	14,588	15,142
Company's share in investments in companies at equity method which exceeds the cost			(455)	(455)	(455)

\*The Group owns 52% of the Arab Company for Calcium Carbonate Manufacturing (A Limited Liability Company). The company was incorporated in the Kingdom of Saudi Arabia under the Commercial Registration no. 4030259768 dated 23 Muhar'ram 1435H corresponding to December 6, 2012 issued at Jeddah, and in accordance with the decision of the Extraordinary General Assembly on January 16, 2017 corresponding to 18 Rabi Al-Thani 1438H, the shareholders agreed to reduce the company's share from 52% to 25% by entrance of a new shareholder in the company by increasing the capital and consequently, the company loses control over the subsidiary. The Articles of Association of the associate was amended on 8 Rabi' Al-Thani 1441 H, corresponding to December 5, 2019. The commercial registration was amended on 15 Rabi' Al-Thani 1441 H corresponding to December 12, 2019.

**12. Subsequent event**

The existence of novel coronavirus (Covid-19) was confirmed in early 2020, causing disruptions to businesses & economic activities and financial effects in all jurisdictions of the world. Kingdom of Saudi Arabia has taken many precautionary procedures that may have economic impact on business operations, assets and liabilities etc.

The Group considers this outbreak to be a non-adjusting post balance sheet event. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Group.

The financial impact of this outbreak will be considered into the Group's annual estimates of 2020.

**13. Approval of financial statements**

The Board of Directors of the Group approved the interim unaudited condensed consolidated financial statements on Rabi ul Awal 23rd, 1442H corresponding to November 09, 2020.