

**ABDULLAH SAAD MOHAMMED ABO MOATI FOR BOOKSTORES COMPANY
(SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED) FOR THE THREE - MONTH AND NINE - MONTH PERIOD
ENDED 31 DECEMEBR 2021
WITH INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT**

ABDULLAH SAAD MOHAMMED ABO MOATI FOR BOOKSTORES COMPANY
(SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE- MONTH AND NINE - MONTH PERIOD ENDED 31 DECEMEBR 2021

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INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT FOR THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To: The Shareholders
Abdullah Saad Mohammed Abo Moati For Bookstores Company
(Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Abdullah Saad Mohammed Abo Moati For Bookstores Company, a Saudi Joint Stock Company ("the Company"), and its subsidiary (Collectively referred to as "the Group") as at 31 Decemebr 2021 and the Interim condensed consolidated statements of profit or loss and other comprehensive income for for the three- month and nine - month period ended 31 Decemebr 2021 and the statement of changes in equity and statement of cash flows for the nine months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34), "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (2410), "Review of interim condensed consolidated 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements as at 31 Decemebr 2021, are not prepared in all material respects, in accordance with International Accounting Standard (34) "Interim Financial Reporting", as endorsed in the Kingdom of Saudi Arabia.

Allied Accountant Professional Services Company

Mohammed Bin Farhan Bin Nader
License No. 435
Riyadh, Saudi Arabia
On 5 Rajab 1443 (corresponding to 6 February 2022)



Audit | Tax | Consulting

مراجعة | زكاة وضرائب | استشارات

Allied accountants professional services, professional limited liability company registered in kingdom of Saudi Arabia, with paid-up capital of (1,100,000) SAR, (Previously known as Dr.Abdelgadir bannaga & partners Company). Allied Accountants member in RSM international network. RSM is the trading name used by the members of the RSM, each member of the RSM network is an independent accounting and consulting firm each of which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction. The RSM network is administered by RSM International limited, a company registered in England and Wales. المحاسبون المتحدون للاستشارات المهنية شركة ذات مسؤولية محدودة مهنية. مسجلة في المملكة العربية السعودية. برأس مال (١,١٠٠,٠٠٠) ريال سعودي مدفوع والعمل والمسماة سابقا بـ "شركة الدكتور عبد الغادر بنقا وشركاه المحاسبون المتحدون". وهي تنظر في الخدمة العالمية RSM هي العلامة التجارية المستعملة بواسطة كل الأعضاء في مجموعة RSM كل من أعضاء المجموعة هو كيان قانوني مستقل في مجال المحاسبة والاستشارات. شركة RSM العالمية تدار من قبل RSM المنظمة المحدودة وهي شركة مسجلة في بريطانيا وويلز.

ABDULLAH SAAD MOHAMMED ABO MOATI FOR BOOKSTORES COMPANY
(SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 DECEMBER 2021

	Note	31 Decemebr 2021 SAR (Unaudited)	31 March 2021 SAR (Audited)
Assets			
Non-current assets			
Property, plant and equipment, net		81,424,948	81,340,559
Investment properties, net		38,363,245	38,670,216
Intangible assets, net		12,651	168,429
Right-of-use assets, net	5	13,264,983	13,020,202
Goodwill	6	19,704,499	19,704,499
Financial investments at fair value through other comprehensive income	7	8,328,576	7,702,240
Total non-current assets		161,098,902	160,606,145
Current assets			
Inventory, net	8	89,467,335	98,348,709
Accounts receivable, net	9	42,828,731	37,610,978
Prepaid expenses and other receivables	10	19,493,218	14,991,962
Cash and cash at banks		10,053,255	20,213,473
Total current assets		161,842,539	171,165,122
Total assets		322,941,441	331,771,267
Equity and Liabilities			
Equity			
Share capital	1	200,000,000	200,000,000
Statutory reserve	11	3,832,255	3,832,255
Revaluation reserve of financial investments at fair value through other comprehensive income	7	3,699,079	3,072,743
Remeasurement reserve of employees defined benefit plan obligations		(289,500)	(289,500)
Retained earnings		30,386,767	25,965,508
Total Equity		237,628,601	232,581,006
Liabilities			
Non-current liabilities			
Lease liabilities - non-current portion	5	6,643,031	8,776,503
Employees defined benefits plan obligations		5,873,613	4,894,898
Total non-current liabilities		12,516,644	13,671,401
Current liabilities			
Bank facilities	12	43,092,069	62,248,426
Lease liabilities - current portion	5	4,900,199	3,337,654
Accounts payable		10,143,148	7,872,997
Accrued expenses and other credit balances	13	12,190,780	9,418,125
Zakat provision		2,470,000	2,641,658
Total current liabilities		72,796,196	85,518,860
Total liabilities		85,312,840	99,190,261
Total equity and liabilities		322,941,441	331,771,267

The accompanying notes from (1) to (22) are an integral part of these interim condensed consolidated financial statements.



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ABDULLAH SAAD MOHAMMED ABO MOATI FOR BOOKSTORES COMPANY
(SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED 31 DECEMBER 2021

	FOR THE THREE MONTHS PERIOD ENDED 31 DECEMBER		FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER	
	2021 SAR (Unaudited)	2020 SAR (Unaudited)	2021 SAR (Unaudited)	2020 SAR (Unaudited)
Profit or loss				
Sales, net	90,458,961	68,393,807	208,784,880	164,814,310
Cost of sales	(71,087,977)	(54,500,599)	(161,334,768)	(130,626,756)
Gross profit	19,370,984	13,893,208	47,450,112	34,187,554
Rental revenue, net	724,338	697,659	2,244,276	1,648,910
General and administrative expenses	(5,819,675)	(5,605,098)	(15,574,251)	(16,899,800)
Selling and marketing expenses	(5,368,963)	(4,075,581)	(15,013,876)	(9,869,313)
Profit from operations	8,906,684	4,910,188	19,106,261	9,067,351
Finance costs	(488,931)	(605,900)	(1,613,287)	(2,224,488)
Other (expenses)\ Income	(8,287)	1,559	(14,009)	(18,649)
Dividends from financial investments at fair value through other comprehensive income	7 86,757	88,872	234,877	232,760
Net profit for the period before Zakat	8,496,223	4,394,719	17,713,842	7,056,974
Zakat	(1,296,921)	(1,399,427)	(3,292,583)	(2,559,427)
Net profit for the period	7,199,302	2,995,292	14,421,259	4,497,547
Other comprehensive income				
Items that will not subsequently reclassified to the interim condensed consolidated statement of profit or loss				
Change in fair value of financial investments at fair value through other comprehensive income	7 (541,696)	(592,480)	626,336	1,929,792
Total (other comprehensive loss)\ other comprehensive income for the period	(541,696)	(592,480)	626,336	1,929,792
Total comprehensive income for the period	6,657,606	2,402,812	15,047,595	6,427,339
Earnings per share				
Basic and diluted earning per share from net profit for the period	14 0,36	0,15	0,72	0,22

The accompanying notes from (1) to (22) are an integral part of these interim condensed consolidated financial statements.

ABDULLAH SAAD MOHAMMED ABO MOATI FOR BOOKSTORES COMPANY
(SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE AND NINE MONTHS PERIOD ENDED 31 DECEMBER 2021

	Share capital SAR	Statutory reserve SAR	Revaluation investments at fair value through other comprehensive income SAR	Remeasurement reserve of employees defined benefit plan obligations SAR	Retained earnings SAR	Total Shareholders' equity SAR
FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2020						
Balance as at 1 April 2020 (audited)	200,000,000	3,299,036	778,999	361,605	31,166,540	235,606,180
Net profit for the period	-	-	-	-	4,497,547	4,497,547
Other comprehensive income for the period	-	-	1,929,792	-	-	1,929,792
Total comprehensive income for the period	-	-	1,929,792	-	4,497,547	6,427,339
Dividends (note 15)	-	-	-	-	(10,000,000)	(10,000,000)
Balance as at 31 Decembr 2020 (unaudited)	200,000,000	3,299,036	2,708,791	361,605	25,664,087	232,033,519
FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2021						
Balance as at 1 April 2021 (audited)	200,000,000	3,832,255	3,072,743	(289,500)	25,965,508	232,581,006
Net profit for the period	-	-	-	-	14,421,259	14,421,259
Other comprehensive income for the period	-	-	626,336	-	-	626,336
Total comprehensive income for the period	-	-	626,336	-	14,421,259	15,047,595
Dividends (note 15)	-	-	-	-	(10,000,000)	(10,000,000)
Balance as at 31 Decembr 2021 (unaudited)	200,000,000	3,832,255	3,699,079	(289,500)	30,386,767	237,628,601

The accompanying notes from (1) to (22) are an integral part of these interim condensed consolidated financial statements.





ABDULLAH SAAD MOHAMMED ABO MOATI FOR BOOKSTORES COMPANY
(SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 DECEMEBR 2021

	FOR THE NINE MONTHS PERIOD ENDED	
	2021 SAR (Unaudited)	2020 SAR (Unaudited)
Cash flows from operating activities:		
Net profit for the period before zakat	17,713,842	7,056,974
Adjustments to reconcile net profit for the period before zakat:		
Depreciation of property, plant, and equipment	2,309,361	2,183,666
Depreciation of right-of-use assets	5,119,540	2,523,650
Depreciation of investment property	306,971	306,691
Amortizations of intangible assets	161,088	160,756
Charge to provision for expected credit losses	800,000	302,759
Provision for damaged and slow moving inventory	3,083,029	1,224,813
Losses from sale of property, plant and equipment	30,138	18,996
Finance cost	1,613,287	2,224,488
Provision for employees defined benefits plan obligations	998,765	551,835
	<u>32,136,021</u>	<u>16,554,628</u>
Changes in operating assets and liabilities:		
Inventory	5,798,345	572,457
Accounts receivable	(6,017,753)	5,251,426
Prepaid expenses and other receivables	(4,501,256)	3,705,712
Accounts payable	2,270,151	(4,694,040)
Accrued expenses and other credit balances	2,772,655	5,744,250
Generated from operations	<u>32,458,163</u>	<u>27,134,433</u>
Finance costs paid	(1,159,722)	(1,787,039)
Employees defined benefits plan obligations paid	(20,050)	(412,598)
zakat provision Paid	(3,464,241)	(3,132,309)
Net cash available from operating activities	<u>27,814,150</u>	<u>21,802,487</u>
Cash flows from investing activities		
Purchase of property, plant, and equipment	(2,437,800)	(758,273)
Proceeds from disposal of property, plant, and equipment	13,912	24,683
Purchase of intangible assets	(5,310)	-
Additions to investment properties	-	(33,609)
Net cash used in investing activities	<u>(2,429,198)</u>	<u>(767,199)</u>
Cash flows from financing activities		
Net change in bank facilities	(19,156,357)	(7,348,709)
Lease obligations paid	(6,388,813)	(4,000,000)
Dividends	(10,000,000)	(10,000,000)
Net cash used in financing activities	<u>(35,545,170)</u>	<u>(21,348,709)</u>
Net change in cash and bank balances	<u>(10,160,218)</u>	<u>(313,421)</u>
Cash and cash at banks at the beginning of the period	20,213,473	20,865,223
Cash and cash at banks at the end of the period	<u>10,053,255</u>	<u>20,551,802</u>
Non-cash transactions		
Addition to the right of use assets and corresponding lease liabilities	5,364,321	-
Transferred from projects in progress property, plant and equipment	1,634,398	-
Write-off from from damaged and slow moving inventory provision	732,271	164,339
Write-off from expected credit losses provision	65,511	199,196

The accompanying notes from (1) to (22) are an integral part of these interim condensed consolidated financial statements

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ABDULLAH SAAD MOHAMMED ABO MOATI FOR BOOKSTORES COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2021 (UNAUDITED)

1- ORGANIZATION AND ACTIVITIES

Abdullah Saad Mohammed Abo Moati For Bookstores Company - Saudi Joint Stock - registered under the Commercial Registration No. 10101251, issued in Riyadh dated 3/1/1415 (corresponding to 13/6/1994).

The activity of the company is retail and wholesale trading in prints, stationeries, school and office supplies, education supplies, art material in and gifts and wrapping, paper supplies, printers, and inks, computers and its accessories, children's toys, export for the benefit of others, it also include purchase of properties to invest and the acquisition of lands to construct buildings for sale or lease for the interest of the Company.

In accordance with the resolution of the extraordinary general assembly dated 12 Dhul Qa'dah 1435H (corresponding to 7 September 2014) the company's capital was increased from SAR 132,000,000 to SAR 160,000,000, by an increase of SAR 28 million by granting the shareholders (1) free share in exchange for (5) shares owned by the shareholders registered in the Company's records on the day of the extraordinary general assembly meeting, provided that the fractions of the shares are collected and sold to the shareholders and the proposed increase in the capital is covered by transferring SAR 19,704,499 from other reserves and transferring an amount SAR 8,295,501 from the balance of retained earnings shown in the consolidated financial statements for the year ended 31 March 2014.

In accordance with the resolution of the extraordinary general assembly dated 20 Dhul Hijjah 1440 H (corresponding to 21 August 2019) the company's capital was increased from SAR 160,000,000 to SAR 200,000,000, by an increase of SAR 40 million by granting the shareholders (1) free share in exchange for (4) shares owned by the shareholders registered in the company's records on the day of the extraordinary general assembly meeting, provided that the fractions of the shares are collected and sold to the shareholders and the proposed increase in the capital is covered by transferring SAR 11,244,754 from the statutory reserve account and an amount of SAR 28,755,246 from retained earnings account. The number of company's shares becomes 20,000,000 shares, SAR 10 for each.

The interim condensed consolidated financial statements for the nine months period ended 31 December 2021 include the financial statements for Parent Company and its branches and the subsidiary and the details of branches are as follows:

Branches of Parent Company:

<u>Branch name</u>	<u>CR No.</u>	<u>Place of issue</u>	<u>Activity</u>
Microwave trading branch of Abdullah Saad Mohammed Abo Moati For Bookstores Co	1010226765	Riyadh	Wholesale of stationery office supplies, children's games, computers and its supplies.
Branch of Abdullah Saad Mohammed Abo Moati Co	1010439451	Riyadh	Wholesale of gifts and luxuries, And retail sale of perfumes and cosmetics.
Branch of Abdullah Saad Mohammed Abo Moati Co (ilahul)	1010467810	Riyadh	Wholesale of perfumes and cosmetics.
Branch of Abdullah Saad Mohammed Abo Moati For Bookstores Co	1113101191	Shagra	Retail sale of stationery office supplies, newspapers and magazines.
Branch of Abdullah Saad Mohammed Abo Moati For Bookstores Co	2050092621	Dammam	Wholesale and retail sale of stationery office supplies, and Wholesale of books, newspapers and magazines.
Branch of Abdullah Saad Mohammed Abo Moati Co	4030293226	Jeddah	Wholesale and retail sale of stationery office supplies, and retail sale of household supplies.
Branch of Abdullah Saad Mohammed Abo Moati Co	5855036143	Khamis Mushait	Wholesale and retail sale of stationery office supplies, and wholesale of books, newspapers and magazines.

ABDULLAH SAAD MOHAMMED ABO MOATI FOR BOOKSTORES COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2021 (UNAUDITED)

1-ORGANIZATION AND ACTIVITIES (CONTINUED)

Branches of Parent Company (continued):

<u>Branch name</u>	<u>CR No.</u>	<u>Place of issue</u>	<u>Activity</u>
Branch of Abdullah Saad Mohammed Abo Moati Co	5900037192	Jizan	Wholesale and retail sale of stationery office supplies, and wholesale of books, newspapers and magazines.
Branch of Abdullah Saad Mohammed Abo Moati Co	4650207523	Almadina Almonawara	Wholesale of computers and its supplies.
Branch of Abdullah Saad Mohammed Abo Moati Co	1131302797	Qassim	Wholesale of pharmaceutical and medical goods and wholesale of stationery office supplies.

Subsidiary company

<u>Company's name</u>	<u>Country of incorporation</u>	<u>Activity</u>	<u>Ownership percentage</u>	
			<u>As at 31 December 2021</u>	<u>As at 31 March 2021</u>
Moujah for trade Co	Kingdom of Saudi Arabia	Wholesale of stationery office supplies, and retail sale of children's games, computers and its supplies.	100%	100%

Branches of Subsidiary Company

<u>Branch</u>	<u>CR No.</u>	<u>Place of issue</u>	<u>Activity</u>
Moujah for trade Co	1010141412	Riyadh	Wholesale of stationery office supplies, and retail sale of children's games, computers and its supplies.
Branch of Moujah for trade Co	2051026138	Khobar	Import, export, wholesale and retail trade in office and school supplies, stationery, gifts and packaging materials
Branch of Moujah for trade Co	4030130807	Jeddah	Wholesale of stationery office supplies, and retail sale computers and its supplies.

The head office of the company is Riyadh - Atayif Street Al – Alatayif for office supplies Center, , P.O.-Box 9994, Postal Code 11423, Kingdom of Saudi Arabia.

2- BASIS OF PREPARATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2-1 Statement of compliance

The interim condensed financial statements have been prepared in accordance with International Accounting Standard (34), "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants. These interim condensed financial statements do not include all information and disclosures required to issue the complete set of financial statements also, the results for the period ended 31 December 2021 are not necessarily indicative of the results that can be expected for the year ending 31 March 2022 (refer to Note 4). It should also be read along with the latest financial statements for the year ended 31 March 2021. However, selected accounting policies and explanatory notes have also been included to explain important events and transactions to understand the changes in the financial position and financial performance of the Group since 31 March 2021.

2- BASIS OF PREPARATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2-1 Statement of compliance (continued)

The Capital Market Authority has allowed listed companies to use the fair value model or the revaluation model to measure the property, and investment property within fiscal years starting 1 January 2022 and obligated listed companies to continue to use the cost model to measure plant, equipment, and intangible assets.

2-2 Preparation of interim condensed consolidated financial statements

The interim condensed consolidated financial statements have been prepared on a historical cost convention except when IFRS requires the use of another measurement basis, as indicated in the applied accounting policies (Note 4), and in accordance with the accrual principle and going concern.

2-3 Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyals, which is the Group's functional currency and the amounts in these interim condensed consolidated financial statements are rounded to the nearest Saudi Riyal.

2-4 Basis of consolidation for interim condensed financial statements

The accompanying interim condensed consolidated financial statements include the financial statements of the company and the subsidiary as shown in (Note 1). A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of the investee company so as to obtain benefits from its activities. To estimate control, potential voting rights which are currently exercised are taken into account. The interim condensed financial statements of the subsidiary are included in the interim condensed consolidated financial statements from the date the control achieved.

All significant inter-company transactions and balances between the Company and its subsidiaries are eliminated on consolidation of interim condensed consolidated financial statements. All significant inter-company profits and losses are also eliminated on consolidation of interim condensed consolidated financial statements.

Loss of control

If the Group loses control over a subsidiary, it derecognizes the related assets, liabilities, noncontrolling interest and other components of equity, while any resultant gain or loss is recognized in the interim condensed consolidated statement of profit or loss. Any investment retained is recognized at fair value when control is lost.

Transactions eliminated when consolidating the interim condensed financial statements

Balances, transactions, unrealized expenses and income arising from transactions between Group companies are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only if there is no indication of impairment.

3-STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies are applied by the Group:

Use of Judgments and Estimates

The preparation of the interim condensed consolidated financial statements in conformity with International Financial Reporting Standards (IFRSs) endorsed in Kingdom of Saudi Arabia requires from the management to use estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates and assumptions are based on management's best knowledge of current events and actions and other factors that form a base for estimating the carrying amount of assets and liabilities which can not be easily determined from other sources. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognized prospectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

FOR THE NINE MONTHS PERIOD ENDED 31 DECEMEBR 2021 (UNAUDITED)

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Judgments and Estimates (continued)

Below are estimation and assumptions that have a material impact on the amounts reported in the interim condensed consolidated financial statements:

- **Going concern**

The management has evaluated the ability of the Group to continue as a going concern and believes the Group has sufficient recourses to continue its business in the near future. In addition, the management has no material uncertainty related to the ability of the Group to continue as a going concern. Therefore, the interim condensed consolidated financial statements are still prepared on the basis of the going concern.

- **Estimated useful lives of property, plant, and equipment and investment properties**

Management reviews the useful lives of property, plant, and equipment and investment properties to calculate depreciation. These estimates are determined after taking into account the expected use of assets, obsolescence and damage. The management reviews the residual value and useful lives annually and changes in depreciation expenses in current and future periods if any-

- **Provision for slow-moving inventories**

Management makes provisions for slow-moving and obsolete inventories. Inventory is measured at the lower of cost or net realizable value. Estimation of net realizable value is based on the most reliable evidence at the time the estimates are made. These estimates take into account price fluctuations or costs directly related to events that occur after the date of the interim condensed consolidated financial statements.

- **Impairment of Non-Financial Assets**

Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

- **Impairment of Non-derivative Financial Assets**

The Group recognizes allowances for expected credit losses ("ECL") for financial assets measured at amortized cost such as trade accounts receivable. The Group assesses future credit losses using ECL model for financial assets measured at amortized cost. For trade accounts receivable, the Group applies the simplified approach, which measures the loss allowance at an amount equal to lifetime expected credit losses for all trade accounts receivable since the time of initial recognition. To assess the ECL, accounts receivable are grouped based on shared risk characteristics and aging. The expected loss rates were calculated based on historical information of the Group and adjusted to reflect the expected future results which includes future information on macroeconomic factors such as inflation and GDP growth rate. Other financial assets such as employees' receivables and bank balances have low credit risk and applying the ECL model is considered insignificant.

- **Fair value measurements of financial instruments including derivative financial instruments**

When the fair value of the financial assets and liabilities in the interim condensed consolidated statement of financial position cannot be measured based on quoted prices in an active market, when IFRS require those assets or liabilities to be measured based on fair value, their fair value is determined using valuation techniques including using the present value of expected cash flows or any other techniques as stated in IFRS (13). The inputs to these techniques are taken from active markets, where possible. However, If this is not possible, a degree of judgment is required to determine the fair value and such estimates take liquidity risk, credit risk and volatility into account. Changes in the assumptions relating to these factors can affect the reported fair value of the financial instruments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2021 (UNAUDITED)

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Judgments and Estimates (continued)

- **Benefits and defined-benefit plans (employee benefits)**

Post-employment defined benefits and the current value of those benefits are determined actuarial valuations. The actuarial valuation includes further assumptions regarding variables that are required such as discount rates, rate of salary increase, mortality rates, increase in future pensions. Due to the complexity of the valuation, the underlying assumptions, and its long-term nature, a defined benefit liability is highly sensitive to changes in these assumptions. All actuarial assumptions are reviewed at the date of every statement of financial position.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset.

Classification of assets and liabilities from "current" to "non-current"

The Group presents assets and liabilities in the interim condensed consolidated statement of financial position on a current / non-current basis. The assets are current as follows:

- When it is expected to be realized or is intended to be sold or consumed during the normal cycle of operations.
- If it is acquired primarily for the purpose of trading,
- When it is expected to be achieved within twelve months after the fiscal year, or
- When they are cash and cash equivalents, unless there are restrictions on their replacement or use to pay any liabilities for a period of not less than twelve months after the financial year.
- All other assets are classified as "non-current".

All liabilities are current as follows:

- When it is expected to be paid during the normal business cycle
- If it is acquired primarily for the purpose of trading,
- When it matures within twelve months after the fiscal year, or
- When there is no unconditional right to defer the payment of liabilities for a period of not less than twelve months after the financial year.

All other liabilities are classified as "non-current".

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value definition includes the assumption that the Group will continue its operations where there is no intention or condition to physically limit the volume of its operations or conduct a transaction with negative terms.

Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level 1: Quoted market prices in active markets for identical assets.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2021 (UNAUDITED)

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant, and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of assets. If significant parts of an item of property, plant, and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant, and equipment. Expenditures on maintenance and repairs are expensed, while expenditures for improvements are capitalized. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. Sold or disposed asset and its accumulated depreciation are written-off at the date of sale or disposal.

The annual estimated rates of depreciation of the principal classes of assets are as follows:

<u>Statement</u>	<u>Depreciation %</u>
Buildings	5%
Motor vehicles	25%
Office supplies and computer systems	25%
Furniture and fixtures	10%

Depreciation method and useful lives are reviewed periodically to ensure that the depreciation method is appropriate with the expected economic benefits of property, plant, and equipment.

The Group has selected to apply the cost model to measure the property, plant, and equipment, in accordance with the resolution of Capital Market Authority which obligates listed entities to apply the cost model dated 16/1/1438H (17/10/2016).

Investment properties

Real estate investments include (lands, buildings, part of buildings, or both) held by the Group for lease or capital appreciation, or both. Investment properties are measured at cost, net of accumulated depreciation and any impairment losses, if any. Depreciation is calculated based on the amount subject to depreciable, which is the cost of the asset or any other amount less residual amount. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Group will acquire the property at the end of the lease term. Cost is depreciated by the straight-line method over the estimated useful lives of the assets. When parts of a real estate investment have different useful lives, they are accounted for as separate items. The cost of replacing a part of an item of investment property is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably, the carrying amount of that part is derecognized. The daily service cost of investment property is recognized in the interim condensed consolidated statement of profit or loss.

Capital work-in-progress are stated at cost which represent construction works at the Group's project, including consultancy, demolition, site development, rocks removal, construction works and other costs related to assets that are ready to be transferred to the location and to get ready for their intended use. Gains or losses on the disposal of an investment property (which represent the difference between sales proceeds and carrying amounts of disposed investment property) are recognized in the interim condensed consolidated statement of profit or loss.

The annual estimated rates of depreciation of the principal classes of assets are as follows:

<u>Statement</u>	<u>Depreciation %</u>
Buildings	5%

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

FOR THE NINE MONTHS PERIOD ENDED 31 DECEMEBR 2021 (UNAUDITED)

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Intangible assets that include technical programs which the Group has acquired and have a useful life of more than 1 year are measured at cost, less accumulated amortization, and any accumulated impairment losses, if any.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in a specific asset to which they relate, and all other expenses that are internally generated are recognized in the interim condensed consolidated statement of profit or loss when incurred. Amortisation of costs of intangible assets are calculated less the residual value using the straight-line basis over their estimated useful lives and are recognized in the interim condensed consolidated statement of profit or loss.

The annual estimated rates of amortisation of the intangible assets are as follows:

<u>Statement</u>	<u>Amortisation%</u>
Programs	25%

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the interim condensed consolidated statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the interim condensed consolidated statement of profit or loss.

Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that relate directly to the purchase or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through the interim condensed consolidated statement of profit or loss) are added to the fair value of financial assets and financial liabilities or deducted from them, as appropriate, upon initial recognition. Transaction costs that are directly related to the purchase of financial assets and liabilities and are measured at fair value through the interim condensed consolidated statement of profit or loss are recognized directly in the interim condensed consolidated statement of profit or loss.

First: financial assets

Financial assets are classified into the following specified categories: Financial assets 'at fair value through profit or loss' (FVTPL), Financial assets measured at fair value through other comprehensive income, and financial assets measured at amortized cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. A regular way purchase or sale of financial assets is recognized using trade date. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2021 (UNAUDITED)

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

First: Financial assets (continued)

a) **Financial assets measured at fair value through profit or loss (FVTPL)**

Financial assets are measured at fair value through the statement of profit or loss if they have been acquired or held for the purpose or selected to be classified in this category.

Financial assets are classified as held for trading if:

- If they were acquired mainly to be sold in the near future.
- If they represent a known portfolio of financial instruments managed by the Group and include the actual pattern of a financial instrument that generates profits in the short term.
- If they represent a derivative but not classified or effective as a hedging instrument.

Financial assets measured at fair value through the statement of profit or loss are stated at their fair value, and any gain or loss resulting from the revaluation is recognized in the interim condensed consolidated statement profit or loss.

Net profit or loss includes any dividends or interest due from the financial asset and is included in the interim condensed consolidated statement of profit or loss.

b) **Financial assets measured at fair value through other comprehensive income (FVOCI)**

Quoted shares owned by the Group which are traded in an active financial market classified as financial assets at Fair value through other comprehensive income. Gains and losses arising from changes in fair value are included in the statement of other comprehensive income and are added to statement of accumulated changes in fair value of investments within equity other than impairment losses which are included in the interim condensed consolidated statement of profit and loss. If investment is disposed or suffered an impairment, profits and losses resulted from previous evaluation which were recognized in investment revaluation reserve are included in the statement of other comprehensive income.

Dividends income from investments is recognized in equity instruments at fair value through the statement of other comprehensive income when the Group's right to receive payment has been established and is shown as income in the interim condensed consolidated statement of profit or loss unless dividends clearly represent a recovery of part of the investment cost. Other profits and losses are recognized in statement of other comprehensive income and are never reclassified to the interim condensed consolidated statement of profit or loss.

c) **Financial assets measured at amortized cost**

Accounts receivable, including trade and other receivables, bank balances and cash are measured at amortized cost using the effective interest method less any impairment loss and charged to the interim condensed consolidated statement of profit or loss.

Interest income is determined using the effective interest rate, except for short-term receivables when the discount effect is insignificant.

Second: Financial liabilities

Financial liabilities (including loans and accounts payable) are measured subsequently at amortised cost using the effective interest method.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled, or have expired. The difference between the carrying amount of disposed financial liabilities and the amount paid is charged to the interim condensed consolidated statement of profit or loss.

Effective interest rate method

The effective interest method is an accounting practice used for calculating the amortized cost of a debt instrument and for distributing interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (Including all fees and points paid or received, which form an integral part of the effective interest rate, transaction costs, installments or other discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2021 (UNAUDITED)

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

a) Group as a lessee

The Group recognizes the asset (right of use) and leases liability on the commencement date of the lease. The asset (right of use) is initially measured at the cost that consists of the initial amount of the modified lease obligation for any lease payments made on or before the start date. The asset (Right of use) is subsequently depreciated using the straight-line method from the start date of the lease contract to the end of the asset's useful life (Right of use) or the end of the lease term, whichever is earlier. The estimated useful lives of (Right-of-use) assets are determined on the same basis used for property and equipment. In addition, the asset (Right-of-use) is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of lease payments that were not settled at the commencement date of the lease and discounted using the interest rate implicit in the lease agreement or if that rate is difficult to determine reliably, the Group uses the additional borrowing rate.

For short-term leases and low-value leases, the Group has chosen not to recognize (Right-of-use) assets and lease obligations. For short-term leases of 12 months or less and lower-value leases, the group recognizes lease payments related to these contracts as an expense in the interim condensed consolidated statement of profit or loss on a straight-line basis over the term of the lease.

b) Group as a lessor

The Group recognizes lease payments received under the lease contracts as income in the interim condensed consolidated statement of profit or loss on a straight-line basis over the term of the lease.

Goodwill

Goodwill is the difference between the cost of the business purchased and the Group's share of the net fair value of the Group's identifiable assets acquired and the potential assets and liabilities of the business purchased at the date of purchase.

That goodwill is reviewed for impairment on an annual basis or when there are events or changes in circumstances that indicate that the carrying value has been impaired. Impairment loss is not reversed in goodwill.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill is increased. The units or Group's of units are determined at the lowest level at which goodwill is monitored for internal management purposes, as they are the operating segments.

Inventory

Inventories are stated at the lower of cost and net realizable value, except for spare parts and raw materials that are stated at cost. Costs of inventories include cost of purchase, direct and indirect costs to place inventory on site and in the current situation. The cost is determined using the weighted average basis. A provision for obsolete and slow-moving items is based on management estimates at the date of preparing the interim condensed consolidated financial statements.

Accounts receivable

Accounts receivable are stated at the original amount of invoice, less provision for expected credit losses. An allowance against expected credit losses is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Bad debts are written off as incurred against related provisions. Provisions are charged to the interim condensed consolidated statement of profit or loss. Any receivables recovered subsequently that were previously written off are recorded under revenues.

Cash and cash at banks

Cash and cash at banks comprise bank balances, murabaha facilities, and other short-term high-liquid investments that can be converted into cash with an original maturity of three months or less from the acquisition date which are available to the Group without restrictions.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2021 (UNAUDITED)

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related party

A related party is a person or entity associated with the company that prepares its interim condensed consolidated financial statements.

A) If the person or a member of his family is closely related to the company whose interim condensed consolidated financial statements are prepared:

- Has joint control or control over the company preparing its interim condensed consolidated financial statements;

- It has a material impact on the company preparing its interim condensed consolidated financial statements. or

- He is a member of the top management of the company whose interim condensed consolidated financial statements are prepared or the parent company of the company that prepares its interim condensed consolidated financial statements.

B) If the facility is related to the company that prepares its interim condensed consolidated financial statements if any of the following conditions are fulfilled:

- The establishment and the company that prepares its interim condensed consolidated financial statements are members of the same company (which means that both the parent company, subsidiaries and associates have a relationship with the other).

- One of the two companies is an associate or a joint venture of the other company (or an associate or a joint venture of a member of the company of which the other company is a member).

- Both companies are joint ventures of the same third party.

One of the two companies is a joint venture of a third company and the other company is an associate of the third company.

- A company is a post-employment benefit plan for the employees of any company that prepares its financial reports or a company related to the company that prepares its interim condensed consolidated financial statements. If the company preparing its interim condensed consolidated financial statements is the same as preparing those plans, the sponsoring work sponsors are also related to the company that prepares its interim condensed consolidated financial statements.

- The company is jointly controlled or controlled by a person specified in Paragraph (a).

- The person identified in paragraph (a) (1) has a material influence on the company or is a member of the top management in the company (or the parent company).

- The company or any member of the group provides part of the services of senior management employees of the company that prepares its interim condensed consolidated financial statements or to the parent company of the company that prepares its interim condensed consolidated financial statements.

EMPLOYEE DEFINED BENEFITS PLAN OBLIGATIONS

- End-of-service indemnities

The end-of-service indemnity provision is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the interim condensed consolidated statement of financial position and the gains and losses are recognised in other comprehensive income in the period in which they occur, remeasurements recognised within retained earnings in other comprehensive income and are not recharged to the interim condensed consolidated statement of profit or loss.

- Retirement benefits

The Group makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. These payments are expensed when incurred.

- Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits related to wages and salaries are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of short-term employee benefits are measured at the un-discounted amount of the benefits expected to be paid in exchange for the related service.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2021 (UNAUDITED)

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts payable

Liabilities are recognized for amounts to be paid in the future for services received, whether billed or not by suppliers.

Zakat provision

Estimated zakat is a liability on the Group and charged to the interim condensed consolidated statement of profit or loss for in the accompanying interim condensed consolidated financial statements in accordance with zakat standard and circular issued by SOCPA. It is calculated as estimate for the period within the interim condensed consolidated financial statements by using the average zakat expense charged to previous years by the ratio of sales for the period to the expected total sales for the year.

Differences arising from final assessment are accounted for in the reporting period in which such assessment are finalized.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured to the best of the expected fair value of the liability as at the balance sheet date, taking into account risks and uncertainties surrounding the obligation. When an allowance is measured using estimated cash flows to settle the present obligation, the receivable is recognized as an asset if the receipt and replacement of the amount are confirmed and the amount can be measured reliably.

Revenue

Revenue is recognized when the Group fulfills its obligations in contracts with customers with an amount that reflects the material compensation that the entity expects for goods or services. Specifically, the standard provides a five-step model for revenue recognition:

Step 1: Identify the contract with the customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when or as the entity satisfies a performance obligation.

The following is a description of the main activities from which the Group recognize revenue:

- Retail outlets sales

The Group owns and operates a number of retail outlets, and sells stationery, children's toys, computers and its supplies, gifts and luxuries, perfumes, cosmetics, office supplies, school supplies, and books. Sales revenue is recognized when the product sold by the group is acquired by the customer. The transaction price is paid immediately upon purchase of the product by the customer.

- Wholesales

The Group sells office supplies, school supplies and computer supplies to other retailers. Sales are recognized when control of the products is transferred, that is, when the products are delivered to the retailers and there is no unperformed obligation that may affect the acceptance of the products by the retailers.

Lease revenues

Revenue from rental of investment properties and subleasing contracts within real estate in which the Group is the lessee is recognized on a straight-line basis over the lease term and is recognized as rental income in the interim condensed consolidated statement of profit or loss. The unearned revenue represents the rents collected from the lessees that do not pertain to the reporting period and are presented among the current liabilities in the interim condensed consolidated statement of financial position. Operating lease receivables represents the amount of lease receivable arising from operating leases as recognized as lease revenue.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2021 (UNAUDITED)

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Revenue

Other revenues are recognized when realized.

Cost of sales and operation expenses

Cost of sales included costs previously included in measuring inventory sold to customers, warehouse costs, distribution cost to retail stores, and all retail store costs including salaries, wages, utilities, operating expenses, and depreciation costs. Other operating expenses are classified as either general and administrative expenses or selling and marketing expenses.

Expenses

All direct expenses related to sales comprise of salaries, wages, materials and indirect costs and are charged to cost of sales. Selling and marketing expenses include all expenses related to the selling and marketing function. All other expenses are classified as general and administrative expenses. Common expenses are allocated between general and administrative expenses, selling, marketing expenses. Common expenses are allocated on consistent basis.

Offset

Financial assets and financial liabilities are offset and the net amount is presented in the interim condensed consolidated statement of financial position when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Board of directors remunerations

The remuneration of the members of the Board of Directors is recognized in the period approved by the shareholders of the Group in the interim condensed consolidated statement of profit or loss.

Earnings per share

Basic and diluted earnings per share are calculated based on the weighted average number of shares outstanding as of period-end.

Finance costs

Borrowing costs directly attributable to construction or production of an asset that necessarily takes a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. All other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Segment information

A segment is a distinguishable component of the Group that is engaged either in selling/providing products or services (a business segment) or in selling / providing products or services within a particular economic environment (a geographic segment), and its profits and losses differ from the profits and losses of other segments. The Group follows the business segment only, as most of its activities are practiced in the Kingdom of Saudi Arabia.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the interim condensed consolidated statement of financial position date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the interim condensed consolidated statement of profit or loss.

ABDULLAH SAAD MOHAMMED ABO MOATI FOR BOOKSTORES COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2021 (UNAUDITED)

5- LEASES

The following table shows the movement during the period / year on both the right-of-use assets and leases obligations:

A- Movement on right of use assets:

	Right of use assets (Buildings)	
	31 Decemebr 2021	31 March 2021
	SAR	SAR
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	13,020,202	11,419,106
Additions during the period / year	5,364,321	6,221,070
Depreciation of right-of-use assets during the period / year	(5,119,540)	(4,619,974)
Balance at the end of the period / year	13,264,983	13,020,202

B- Movement on leases contract obligations:

	31 Decemebr 2021	31 March 2021
	SAR	SAR
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	12,114,157	10,706,750
Additions during the period / year	5,364,321	6,221,070
Amortization of interest during the period / year	453,565	494,463
Paid during the period / year	(6,388,813)	(5,308,126)
Balance at the end of the period / year	11,543,230	12,114,157
Non-current portion	6,643,031	8,776,503
Current portion	4,900,199	3,337,654

6- GOODWILL

During the year 2012, and in accordance with the recommendations of the Company's Board of Directors to the extraordinary general assembly, on 6 September 2012, the association approved the full acquisition of the shares of Al-Moujah for Trade Company (a limited liability company) registered in the Kingdom of Saudi Arabia and its main activity is the wholesale of stationery and wholesale of children's toys, computers, and their accessories, in exchange for the issuance of 4,012,335 shares of Abdullah Saad Mohammed Abo Moati For Bookstores Company. The market value of the number of issued shares reached SAR 59,827,849 as the acquisition resulted in goodwill of SAR 19,704,499.

7- FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial investments represent investments in equity instruments of listed companies that are accounted for at FVOCI. The following is a statement of these investments:

Statement	Number of Shares	Reserve for the revaluation of investments at FVOCI				Fair value as at 31 Decemebr 2021 (Unaudited) SAR
		Cost as at 1 April 2021 (Audited) SAR	As at 1 April 2021 (Audited) SAR	Movement during the period SAR	As at 31 Decemebr 2021 (Unaudited) SAR	
Jarir Marketing Company	42,320	4,629,497	3,072,743	626,336	3,699,079	8,328,576

- During the financial period ending on 31 Decemebr 2021, the Group received cash dividends from Jarir Marketing Company amounted to SAR 234,877 (31 March 2021: SAR 332,213).

ABDULLAH SAAD MOHAMMED ABO MOATI FOR BOOKSTORES COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2021 (UNAUDITED)

8- INVENTORY, NET

	31 Decemebr 2021 SAR (Unaudited)	31 March 2021 SAR (Audited)
Stationery, office supplies and accessories	79,638,162	86,290,256
Printers inks and computers supplies	13,564,438	14,585,126
Goods in transit	4,249,335	3,107,169
	<u>97,451,935</u>	<u>103,982,551</u>
Provision for slow moving goods	<u>(7,984,600)</u>	<u>(5,633,842)</u>
	<u>89,467,335</u>	<u>98,348,709</u>

The movement in the provision for slow-moving goods is as follows:

	31 Decemebr 2021 SAR (Unaudited)	31 March 2021 SAR (Audited)
Balance at the beginning of the period\ year	5,633,842	3,632,145
Additions during the period\ year	3,083,029	3,283,404
Reversal during the period\ year	-	(1,149,562)
Utilized during the period\ year	<u>(732,271)</u>	<u>(132,145)</u>
Balance at the end of the period\ year	<u>7,984,600</u>	<u>5,633,842</u>

9-ACCOUNTS RECEIVABLE, NET

	31 Decemebr 2021 SAR (Unaudited)	31 March 2021 SAR (Audited)
Accounts receivable	46,866,391	40,914,149
(Less): Provision for expected credit loss	<u>(4,037,660)</u>	<u>(3,303,171)</u>
	<u>42,828,731</u>	<u>37,610,978</u>

The movement in the provision for expected credit losses is as follows:

	31 Decemebr 2021 SAR (Unaudited)	31 March 2021 SAR (Audited)
Balance at the beginning of the period / year	3,303,171	3,770,869
Provided during the period / year	800,000	476,295
Utilized during the period / year	(65,511)	(348,570)
Reversed during the period / year	-	(595,423)
Balance at the end of the period / year	<u>4,037,660</u>	<u>3,303,171</u>

10- PREPAID EXPENSES AND OTHER RECEIVABLES

	31 Decemebr 2021 SAR (Unaudited)	31 March 2021 SAR (Audited)
Advances to the suppliers	14,568,995	10,407,525
Prepaid expenses	2,589,227	2,129,713
Letter of guarantee insurance (note 18)	759,578	1,076,297
Others	<u>1,575,418</u>	<u>1,378,427</u>
	<u>19,493,218</u>	<u>14,991,962</u>

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11- STATUTORY RESERVE

As per the Regulations for Companies in Saudi Arabia, a statutory reserve of 10% of net income must be appropriated until the reserve equals 30% of the share capital. The reserve is not available for distribution as dividends to Shareholders.

12- BANK FACILITIES

A) Riyad bank

- The Group has short-term bank facility agreements with Riyad Bank in the form of loans and /or opening letters of credit and/or issuing letters of guarantee and/or treasury products and others. The balance of the limit of the facilities granted to the Group amounted to SAR 30 million, the facilities used amounted to SAR Nil as at 31 Decemebr 2021 (31 March 2021: SAR 4,290,239).

B) Samba bank

- During the current year, the short-term bank facilities used with Samba Financial Group (Samba Bank) were transferred to the National Saudi Bank as a result of the merger of Samba Financial Group (Samba Bank) with the National Commercial Bank to become the name of the National Saudi Bank, and the facilities used amounted as of 31 March 2021, an amount of 13,059,566 Saudi riyals.

C) Saudi Investment bank

- The Group has short-term bank facility agreements with Saudi investment bank, the balance of the limit of the facilities granted to the Group amounted to SAR 70 million. The loan agreement included conditions regarding the Group's commitment to certain financial ratios and conditions and a promissory note of SAR 70 million for Saudi investment bank. These facilities are secured by a performance guarantee signed by Al-Moujah for Trade Company (Subsidiary company), and an agency to purchase and an authorization to sell goods, and a no-objection letter from Al-Moujeh Trading Company (A subsidiary company) to use the facilities granted to the company, the facilities used amounted to SAR 16,292,069 as at 31 Decemebr 2021 (31 March 2021: 21,530,836).

D) Aalahli Saudi bank

- The Group has short-term bank facility agreements with Aalahli Saudi bank, the balance of the limit of the facilities granted to the Group amounted to SAR 65 million. The loan agreement included conditions regarding the Group's commitment to certain financial ratios and conditions, the facilities used amounted to SAR 9,800,000 million as at 31 Decemebr 2021 (31 March 2021: SAR 7 million).

E) Aljazira bank

- The Group has short-term bank facility agreements with Aljazira bank, the balance of the limit of the facilities granted to the Group amounted to SAR 50 million. The loan agreement included conditions regarding the Group's commitment to certain financial ratios and conditions and a promissory note of SAR 50 million for Saudi investment bank, The facilities used amounted to SAR 12 million as at 31 Decemebr 2021 (31 March 2021: SAR 16,367,785).

F) Arab National Bank

- The Group has short-term bank facility agreements with Arab National Bank in the form of loans and /or opening letters of credit and/or issuing letters of guarantee and/or treasury products and others, the balance of the limit of the facilities granted to the Group amounted to SAR 20 million, the facilities used amounted to SAR 5 million as at 31 Decemebr 2021 (31 March 2021: Nil).

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12- BANK FACILITIES (CONTINUED)

The movement on bank facilities balance as follows:

	31 Decemebr 2021 SAR (Unaudited)	31 March 2021 SAR (Audited)
Balance at the beginning of the period / year	62,248,426	80,805,740
Proceeds during the period / year	74,277,649	142,387,122
Paid during the period / year	(93,434,006)	(160,944,436)
Balance at the end of the period / year	43,092,069	62,248,426

13- ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31 Decemebr 2021 SAR (Unaudited)	31 March 2021 SAR (Audited)
Value added tax	4,460,121	1,717,670
Suppliers	1,981,576	1,401,629
Accrued salaries and wages	1,704,592	1,489,913
Deferred revenue	1,245,653	1,055,698
Accrued remuneration of board of directors	735,750	981,000
Advances from customers	512,554	1,970,025
Finance charges due	328,786	249,902
Professional and consulting fees due	25,000	62,500
Others	1,196,748	489,788
	12,190,780	9,418,125

14- EARNINGS PER SHARE

Earnings per share from net income is calculated by dividing the net income for the period by the weighted average number of shares outstanding as at the end of the period amounting to 20,000,000 shares.

15- DIVIDENDS

The Ordinary General Assembly Meeting which was held on 16 September 2021, agreed to distribute cash dividends to the shareholders for the financial year ending 31 March 2021 by (0.50) fifty Halalas per share, with a total value of (10,000,000) ten million Saudi riyals (Dividends for the year ended 31 March 2020: SAR 10 million).

16- LIQUIDITY RISKS

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments that the Group commits to in the interest of others.

To reduce the liquidity risk and associated losses that may affect the business of the Group. The Group maintains, wherever possible, sufficient highly liquid current assets in all business conditions. The Group avoids financing long-term capital requirements through short-term borrowing and operations related to current accounts with related parties. Long-term projects are currently funded with long-term loans only.

The Group also has a highly dynamic cash flow policy and a system by which it can estimate the maturity dates of its liabilities and develop appropriate plans to provide the required funding to meet these liabilities in a timely manner.

The following is the aging of assets and accruals of liabilities as at 31 Decemebr 2021 (Unaudited):

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16- LIQUIDITY RISKS (CONTINUED)

	3 months or less SAR	From 3 months to 1 year SAR	More than 1 year up to 10 years SAR	No specific maturity dates SAR	Total SAR
31 Decemebr 2021 (Unaudited):					
Assets					
Accounts receivable	46,866,391	-	-	-	46,866,391
Total	46,866,391	-	-	-	46,866,391
Liabilities					
Lease obligations	-	4,900,199	6,643,031	-	11,543,230
Employees defined benefits plan obligations	-	-	-	5,873,613	5,873,613
Bank facilities	43,092,069	-	-	-	43,092,069
Accounts payable	10,143,148	-	-	-	10,143,148
Accrued expenses and other credit balances	12,190,780	-	-	-	12,190,780
Zakat provision	2,470,000	-	-	-	2,470,000
Total	67,895,997	4,900,199	6,643,031	5,873,613	85,312,840

The following is the aging of assets and accruals of liabilities as at 31 March 2021 (Audited):

	3 months or less SAR	From 3 months to 1 year SAR	More than 1 year up to 10 years SAR	No specific maturity dates SAR	Total SAR
31 March 2021 (Audited)					
Assets					
Accounts receivable	31,758,946	9,155,203	-	-	40,914,149
Total	31,758,946	9,155,203	-	-	40,914,149
Liabilities					
Lease obligations	-	3,337,654	8,776,503	-	12,114,157
Employees defined benefits plan obligations	-	-	-	4,894,898	4,894,898
Bank facilities	27,081,234	35,167,192	-	-	62,248,426
Accounts payable	7,872,997	-	-	-	7,872,997
Accrued expenses and other credit balances	9,418,125	-	-	-	9,418,125
Zakat provision	2,641,658	-	-	-	2,641,658
Total	47,014,014	38,504,846	8,776,503	4,894,898	99,190,261

17- SEGMENT INFORMATION

Segmental information relates to the Group's business and activities, which the Group's management relied on as a basis for preparing its financial information, in line with the internal reporting methods. Transactions between segments are carried out on the same terms as transactions with third parties.

The assets, liabilities and operating activities of the segments include items directly related to a particular segment and items that can be allocated to different segments on a reasonable basis. Items that cannot be allocated between segments are classified under common assets and liabilities. The company's sectors are as follows:

- Retail and wholesale trade, where the company does wholesale of stationery, wholesale of computers and their accessories, and other wholesale and retail sales.
- Inks sector, where the company sells computers, printers and their inks.
- Real estate and rent sector, where the company leases buildings for commercial and residential purposes.

The following is a summary of the financial sectoral information in Saudi riyals as at 30 September 2021, and 2020 respectively, according to the nature of the activity:

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17- SEGMENT INFORMATION (CONTINUED)

Interim condensed consolidated statement of financial position

	Wholesale and retail segment	Inks segment	Real state and rent segment	Total
<u>31 Decemebr 2021 (Unaudited):</u>	SAR	SAR	SAR	SAR
Total current assets	122,611,223	124,433	38,363,246	161,098,902
Total non-current assets	119,140,181	42,427,841	274,517	161,842,539
Total assets	241,751,404	42,552,274	38,637,763	322,941,441
Total current liabilities	11,795,343	721,301	-	12,516,644
Total non-current liabilities	68,060,568	4,735,628	-	72,796,196
Total liabilities	79,855,911	5,456,929	-	85,312,840

	Wholesale and retail segment	Inks segment	Real state and rent segment	Total
<u>31 March 2021 (Audited)</u>	SAR	SAR	SAR	SAR
Total current assets	121,778,504	157,425	38,670,216	160,606,145
Total non-current assets	121,757,449	48,736,768	670,905	171,165,122
Total assets	243,535,953	48,894,193	39,341,121	331,771,267
Total current liabilities	13,008,880	662,521	-	13,671,401
Total non-current liabilities	81,243,572	3,219,589	1,055,699	85,518,860
Total liabilities	94,252,452	3,882,110	1,055,699	99,190,261

Interim condensed consolidated statement of profit or loss

<u>For the nine month period ended 31 December 2021 (Unaudited)</u>	Wholesale and retail segment	Inks segment	Real state and rent segment	Total
	SAR	SAR	SAR	SAR
Sales, net	140,255,705	68,529,175	-	208,784,880
Cost of sales	(100,122,185)	(61,212,583)	-	(161,334,768)
Gross profit for the period	40,133,520	7,316,592	-	47,450,112
Net profit for the period	8,076,493	4,100,490	2,244,276	14,421,259

<u>For the nine month period ended 31 December 2020 (Unaudited)</u>	Wholesale and retail segment	Inks segment	Real state and rent segment	Total
	SAR	SAR	SAR	SAR
Sales, net	98,868,339	65,945,971	-	164,814,310
Cost of sales	(72,052,355)	(58,574,401)	-	(130,626,756)
Gross profit for the period	26,815,984	7,371,570	-	34,187,554
Net profit/(loss) for the period	347,737	2,500,900	1,648,910	4,497,547

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18- CONTINGENT LIABILITIES

The Group has contingent liabilities arising from an outstanding letter of guarantee amounting to SAR 12,009,578 as at 31 December 2021 (31 March 2021: amounting to SAR 12,486,987) (note 10).

19- GENERAL

The figures in these interim condensed consolidated financial statements are rounded to the nearest Saudi Riyals.

20- APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved for issue by the Board of Directors of the Company on 5 Rajab 1443 (corresponding to 6 February 2022)

21- SIGNIFICANT EVENTS DURING THE PERIOD

Since the beginning of the year 2020, due to the spread of coronavirus (COVID-19) in the region and in the world which is considered a pandemic causing disruption in commercial and economic activities and affecting the demand for the group's products.

Although it is difficult to predict the full long term and duration of the commercial and economic impacts, the Group's management studied the potential impacts of the Covid-19 pandemic on the Group's operations and concluded that the operations will be affected by that pandemic and believes that there will be a decrease in business results as a result of this pandemic, and therefore the group's management has studied Practical steps to confront this pandemic, such as rationalizing expenditures and others, as the group is watching the ever-evolving scenarios. Any change in principal judgments and estimates will be reflected as part of the operating results and cash flows of future reporting periods.

22- SUBSEQUENT EVENTS

There were no other significant events subsequent to 31 December 2021 until the date of the approval of the interim condensed consolidated financial statements that is expected to have a significant impact on these interim condensed consolidated financial statements as at 31 December 2021.