

AL ABDULLATIF INDUSTRIAL INVESTMENT COMPANY

(A SAUDI JOINT STOCK COMPANY)

Consolidated interim condensed financial statements and independent auditor's review report for the period ended March 31, 2021 (unaudited)

CONTENTS	PAGE
Independent auditor's report on review of consolidated interim condensed financial statements	1
Consolidated interim condensed statement of financial position (unaudited)	2
Consolidated interim condensed statement of profits or losses and other comprehensive income (unaudited)	3
Consolidated interim condensed statement of changes in shareholders' equity (unaudited)	4
Consolidated interim condensed statement of cash flows (unaudited)	5
Notes to the consolidated interim condensed financial statements (unaudited)	6 – 19

Prof. Registration 4030291245122, Prince Faisal Bin Turki St.
Creativity Commercial Center
Al Murabba District
P.O.Box 489, Riyadh 11411
T: 011 408 1811 / 408 1801
F: 011 408 1836
www.elayouty.com**INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONSOLIDATED INTERIM
CONDENSED FINANCIAL STATEMENTS****TO THE SHAREHOLDERS
AL ABDULLATIF INDUSTRIA INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
RIYADH - KINGDOM OF SAUDI ARABIA****Introduction**

We have reviewed the consolidated interim condensed statement of financial position of **Al Abdullatif Industrial Investment Company - A Saudi Joint Stock Company** - ("the Company") and its subsidiaries (Collectively referred to as "The Group"), as at March 31, 2021, the consolidated interim condensed statements of profits or losses and other comprehensive income for the three months period ended March 31, 2021, the consolidated interim condensed changes in shareholders' equity and the consolidated interim condensed cash flows for the three months period then ended, and summary of significant accounting policies.


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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements have not been prepared in all material respects, in accordance with International Accounting Standard No. (34) adopted in the Kingdom of Saudi Arabia.

FOR EL SAYED EL AYOUTY & CO.**Riyadh: Shawwal 6, 1442 H.
May 18, 2021 G.**
Abdullah Ahmad Balamash
Certified Public Accountant
License No. (345)

AL ABDULLATIF INDUSTRIAL INVESTMENT COMPANY

(A Saudi Joint Stock Company)

Consolidated interim condensed statement of financial position as at March 31, 2021 (unaudited)

(All amounts in thousands Saudi Riyals unless otherwise stated)

	Notes	31/03/2021 (Unaudited)	31/12/2020 (Audited)
Assets			
Non-current assets			
Property, plant and equipment – net	5	251,419	298,646
Investment properties – at cost	6	87,005	50,000
Right-of-use assets – net	7.1	17,401	17,798
Investments at fair value through other comprehensive income	8	82,775	82,775
Total non-current assets		438,600	449,219
Current assets			
Inventory – net		324,784	335,667
Trade receivables – net		374,352	346,185
Due from related parties	9.1	34,467	38,798
Prepaid expenses and other debit balances		32,581	27,517
Investments at fair value through profits or losses	10	9,000	8,750
Cash and cash equivalents		63,685	76,651
Total current assets		838,869	833,568
Total assets		1,277,469	1,282,787
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	11	812,500	812,500
Statutory reserve		241,429	241,429
Reserve for valuation of investments at fair value		(4,538)	(4,538)
Retained earnings		77,935	82,314
Total shareholders' equity		1,127,326	1,131,705
Non-current liabilities			
Leases obligations – non-current portion	7.2.2	17,286	17,131
Employees' defined benefits obligations	12	13,962	13,428
Total non-current liabilities		31,248	30,559
Current liabilities			
Banks – Islamic credit facilities	13	56,473	66,304
Leases obligations – current portion	7.2.1	1,228	1,202
Trade payables		20,358	12,879
Due to related parties	9.2	-	185
Accrued expenses and other payable balances		16,761	16,858
Dividends payable		1,076	1,076
Provision for Zakat	14	22,999	22,019
Total current liabilities		118,895	120,523
Total liabilities		150,143	151,082
Total liabilities and equity		1,277,469	1,282,787

Chief Financial Officer

Authorized BOD's Member

Chief Executive Officer

The accompanying notes (1) to (21) form an integral part of these consolidated interim condensed financial statements (unaudited)

AL ABDULLATIF INDUSTRIAL INVESTMENT COMPANY

(A Saudi Joint Stock Company)

Consolidated interim condensed statement of profits or losses and other comprehensive income for the three months period ended March 31, 2021 (unaudited)

(All amounts in thousands Saudi Riyals unless otherwise stated)

	Notes	31/03/2021 (Unaudited)	31/03/2020 (Unaudited)
Revenue		154,104	133,352
Cost of revenue		(144,541)	(127,765)
Gross profit		9,563	5,587
Selling and marketing expenses		(4,723)	(2,806)
General and administrative expenses		(4,643)	(4,866)
Other revenue		2,552	1,691
Profit (loss) from operating activities		2,749	(394)
Net cost of finance		(466)	(984)
Dividends income		88	-
Profits (losses) of valuation of investments at fair value through profits or losses	10	250	(2,352)
Net profit (loss) for the period before zakat		2,621	(3,730)
Zakat	14	(7000)	(4,000)
Net loss for the period		(4,379)	(7,730)
Other comprehensive income:			
Items of other comprehensive income		-	-
Comprehensive loss for the period		(4,379)	(7,730)
Net loss for the period attributable to:			
Parent company's shareholders		(4,379)	(7,730)
Net loss for the period		(4,379)	(7,730)
Basic and diluted earnings attributable to shareholders of net (loss) for the period in Saudi Riyals	15	(0.05)	(0.10)



Chief Financial Officer



Authorized BOD's Member



Chief Executive Officer

The accompanying notes (1) to (21) form an integral part of these consolidated interim condensed financial statements (unaudited)

AL ABDULLATIF INDUSTRIAL INVESTMENT COMPANY

(A Saudi Joint Stock Company)

Consolidated interim condensed statement of changes in shareholders' equity for the three months period ended March 31, 2021 (unaudited)

(All amounts in thousands Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Reserve for valuation investment at fair value	Retained earnings	Total shareholders' equity
Three months period ended March 31, 2020					
Balance at January 1, 2020 (audited)	812,500	241,429	(13,361)	108,258	1,148,826
Net (loss) for the period	-	-	-	(7,730)	(7,730)
Balance at March 31, 2020 (unaudited)	812,500	241,429	(13,361)	100,528	1,141,096
Three months period ended March 31, 2021					
Balance at January 1, 2021 (audited)	812,500	241,429	(4,538)	82,314	1,131,705
Net (loss) for the period	-	-	-	(4,379)	(4,379)
Balance at March 31, 2021 (unaudited)	812,500	241,429	(4,538)	77,935	1,127,326


Chief Financial Officer
Authorized BOD's Member
Chief Executive Officer

The accompanying notes (1) to (21) form an integral part of these consolidated interim condensed financial statements (unaudited)

AL ABDULLATIF INDUSTRIAL INVESTMENT COMPANY

(A Saudi Joint Stock Company)

Consolidated interim condensed statement of cash flows for the three months period ended March 31, 2021(Unaudited)

(All amounts in thousands Saudi Riyals unless otherwise stated)

	31/03/2021 (Unaudited)	31/03/2020 (Unaudited)
Cash flows from operating activities:		
Net (loss) for the period	(4,379)	(7,730)
Adjustments to net (loss) for the period:		
Depreciation of property plant and equipment	11,727	12,831
(Gains) on sale of property, plant and equipment	(622)	-
Depreciation of right-of-use assets	397	397
(Profits) /losses of investments at fair value through profits or losses	(250)	2,352
Bank facilities' interest	266	796
Leases interest	225	256
Provision for expected credit losses	1,000	1,000
Employees' defined benefits obligations	1,515	1,678
Provisions reversed	(165)	(19)
Zakat	7,000	4,000
	16,714	15,561
Changes during the period in:		
Inventory	11,048	35,137
Trade receivables	(29,167)	(20,360)
Due from related parties	4,331	(11,142)
Prepaid expenses and other debit balances	(5,064)	2,487
Trade payables	7,479	(2,872)
Due to related parties	(185)	-
Accrued expenses and other payable balances	(97)	(1,502)
Provision for zakat paid	(6,020)	-
Employees' defined benefits obligations – paid	(981)	(795)
Net cash flows (used in) provided by operating activities	(1,942)	16,514
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,025)	(1,110)
Proceeds from sale of property, plant and equipment	1,142	-
Net cash flows (used in) investing activities	(883)	(1,110)
Cash flows from financing activities		
Banks' finance – credit facilities – paid	(10,097)	(34,899)
Leases obligations – paid	(44)	(680)
Net cash flows (used in) financing activities	(10,141)	(35,579)
Net decrease in cash and cash equivalents	(12,966)	(20,175)
Cash and cash equivalents at beginning of the period	76,651	69,683
Cash and cash equivalents at end of the period	63,685	49,508

Additional information on non-cash transactions

Transfer from property, plant and equipment to investment properties

37,005


Chief Financial Officer


Authorized BOD's Member


Chief Executive Officer

The accompanying notes (1) to (21) form an integral part of these consolidated interim condensed financial statements (unaudited)

AL ABDULLATIF INDUSTRIAL INVESTMENT COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to the consolidated interim condensed financial statements for the three months period ended March 31, 2021 (Unaudited)

(All amounts in thousands Saudi Riyals unless otherwise stated)

1. General

Al Abdullatif Industrial Investment Company ("the company" is a Saudi joint-stock company incorporated in accordance with the Saudi Companies Act - pursuant to Ministerial Resolution No. 3120 dated 23/10/1427H corresponding to 14/11/2006 and Ministerial Resolution No. 188 dated 27/7/1427H corresponding to 17/1/ 2007, upon which the company got the approval to convert from a limited liability company to a Saudi joint stock company, and it is registered in the commercial registration at Riyadh under No. 1010073685 and dated 26/2/1410H corresponding to 26/9/1989 valid until 25/2/1447H corresponding to 19/8/2025 . Its main office address is: Riyadh, PO Box 859, and Postal Code 11421.

1.2. Main activities practiced by the company and its branches

Carpet industry, including (prayer and travel carpets), carpets manufacturing under industrial license No. 411 dated 13/2/1439H.

1.3. The consolidated interim condensed financial statements as at March 31, 2021 include the condensed interim financial statements of the parent company and the following subsidiaries, collectively referred to "the group":

Name of subsidiary	Type	Company's Headquarter	Main activity	Shareholding %
National Spinning Company	Limited liability	KSA	Yarn production	100%
Eastern Textile Company	Limited liability	KSA	Polycarbonate filament production	100%
Western Textile Company	Limited liability	KSA	Polycarbonate filament production	100%
Adva company for blankets	Limited liability	KSA	Blanket production	100%
Nadine Arabian Color Company	Limited liability	KSA	Plastic pipe production	100%
Shahd Paper Products Factory	Limited liability	KSA	Plastic colorants production	100%
First Carpet Company	Limited liability	KSA	Carpet lining production	100%
Retaj Al Wasil Company	Limited liability	KSA	Employees catering and transportation services	100%
Abdul Latif Training Institute	Limited liability	KSA	Training services	100%

1.4. The group's fiscal year starts from the January 1st of each calendar year and ends at end of December of the same year. The presented financial statements for the period from January 1, 2021 until March 31, 2021.

2. Basis of preparation

2.1. Statement of compliance

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

These consolidated condensed interim financial statements do not include all the information and notes required in the annual consolidated financial statements, therefore, it should be read in conjunction with the group's latest consolidated financial statements for the year ended December 31, 2020

AL ABDULLATIF INDUSTRIAL INVESTMENT COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to the consolidated interim condensed financial statements for the three months period ended March 31, 2021 (Unaudited)

(All amounts in thousands Saudi Riyals unless otherwise stated)

2. Basis of preparation... (continued)

2.2. Basis for consolidating the financial statements

The consolidated interim condensed financial statements include the assets, liabilities and results of the parent company and all subsidiaries and are collectively referred to as the "group". The consolidated interim condensed financial statements present financial information about the group as a single economic entity on the same date of the parent company's financial report and using similar accounting policies.

Subsidiaries are those entities that are subject to the control of the company, and control is the authority to control the financial and operational policies of entity for the purpose of obtaining benefits from its activities. The company is assumed to have control over the subsidiary when the company directly or indirectly owns more than half of the voting power in the investee, except for those exceptional cases in which it is clearly shown that that ownership does not represent control, and control also exists when the company owns half or less than half the voting power in the investee, but it has another power that enables it to control financial and operating policies of that entity.

The assets, liabilities and business results of the subsidiaries are fully consolidated from the date of acquisition, which is the date on which control is transferred to the group, and the consolidation process continues until the date that control ceases.

The group applies the acquisition method to account for business combination.

All transactions and balances between the companies of the group, including income, expenses, profits and unrealized losses, have been excluded from transactions and dividends.

2.3. Basis of measurement

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

2.4. Functional and presentation currency

These consolidated condensed interim financial statements are presented in Saudi Arabian Riyals ("SR") which is the functional and presentation currency of the group. All figures are rounded to nearest Saudi Riyal unless otherwise stated.

2.5. Use of judgments, estimates and assumptions

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

These estimates and assumptions are reviewed on an ongoing basis, and the effects arising from adjustment of the accounting estimates are recognized in the period in which such adjustment is made and the subsequent periods in particular, assumptions and estimates are represented in the future periods in which this amendment will be that would be affected. Estimates and assumptions in particular represent application of accounting policies that have a significant impact on the amounts reported in the financial statements.

AL ABDULLATIF INDUSTRIAL INVESTMENT COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to the consolidated interim condensed financial statements for the three months period ended March 31, 2021 (Unaudited)

(All amounts in thousands Saudi Riyals unless otherwise stated)

2. Basis of preparation... (continued)

2.5. Use of judgments, estimates and assumptions

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

However, as stated in Note (19), the Group has reviewed the significant sources of uncertainties shown in the last annual consolidated financial statements against the backdrop of the Covid-19 pandemic. Management believes that all other sources of uncertainties remain similar to those shown in the most recent annual consolidated financial statements. Management will continue to monitor the situation and any required changes will be reflected in future reporting periods.

3. Summary of significant accounting policies

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

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

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

AL ABDULLATIF INDUSTRIAL INVESTMENT COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to the consolidated interim condensed financial statements for the three months period ended March 31, 2021 (Unaudited)

(All amounts in thousands Saudi Riyals unless otherwise stated)

5. Property, plant and equipment – net

Cost	Land	Buildings and roads *	Machinery, equipment and major spare parts	Motor vehicles	Furniture, furnishings and office appliances	Capital works in progress**	Total
Balance at January 1, 2021	47,630	220,187	1,845,780	33,210	109,022	419	2,256,248
Additions during the period	-	-	1,690	162	127	46	2,025
Transfer to investment properties (note 6)	(37,005)	-	-	-	-	-	(37,005)
Transfers	-	411	-	-	-	(411)	-
Disposals	-	-	(4,044)	-	-	-	(4,044)
Balance at March 31, 2021	10,625	220,598	1,843,426	33,372	109,149	54	2,217,224
Accumulated Depreciation:							
Balance at January 1, 2021	-	196,898	1,621,300	33,038	100,766	-	1,952,002
Depreciation for the period	-	1,386	9,541	94	706	-	11,727
Disposals	-	-	(3,524)	-	-	-	(3,524)
Balance at March 31, 2021	-	198,284	1,627,317	33,132	101,472	-	1,960,205
Provision for accumulated impairment:							
Balance at January 1, 2021	-	-	-	-	-	-	5,600
Balance at March 31, 2021	-	-	5,600	-	-	-	5,600
Net Book Value							
As at March 31, 2021	10,625	22,314	210,509	240	7,677	54	251,419
As at December 31, 2020	47,630	23,289	218,880	172	8,256	419	298,646

* Certain aforementioned buildings are built on land leased from the Saudi Authority for Industrial Cities and Technology Zones (MODON) in the second Industrial City in Riyadh under a contract that expires on 06/08/1452H.

** Capital work-in-progress represents the value of buildings, machinery and equipment in the construction and installation stages.

AL ABDULLATIF INDUSTRIAL INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

Notes to the consolidated interim condensed financial statements for the three months period ended March 31, 2021 (Unaudited)

(All amounts in thousands Saudi Riyals unless otherwise stated)

6. Investment properties-at cost

	<u>31/3/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
Land *		
Cost:		
Balance at beginning of the period/ year	50,000	50,000
Transfer from property, plant and equipment (note 5)	37,005	-
Balance at end of the period/ year	87,005	50,000
Net book value at end of the period/ year	87,005	50,000

* Investment properties represents the following:

(A) Real estate contribution in a plot of land in Madinah (for the purpose of obtaining revenue or capital profit) at a rate of 14.58% under land sharing contract between the company and one of the local investment properties companies in which name the title deed was registered. It is also entitled to sell or dispose of the land without referring to the company, and in that case the sale value and profits are distributed according to the participation percentage immediately after the sale.

The fair value as at December 31, 2020, amounted to SR 57, 140 thousand (2019:SR 55,354 thousand) according to the evaluation of the company's share in this land by (Adhwaa Al-Arab Company License No. 1210000846) as accredited valuer.

(B) A plot of land in Khobar city, purchased from 2015 with the purpose of establishing a regional center for sales targeting the Eastern region and the countries of the Gulf Cooperation Council, and it was included in previous years within the property, machinery and equipment, and during the current period, due to the economic conditions and the effects of the Corona pandemic, the management stopped studying the construction of the center and considered the classification of the land as an investment property and has been leased out to obtain additional income to the company.

As at March 31, 2021, its fair value amounted to SR 42,113 thousand, according to the valuation of the land carried out by (Adhwaa Al-Arab Company License No. 1210000846) as an approved valuer.

7. Leases

7.1. Right-of-use assets – net

	<u>31/3/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
Cost:		
Balance at the beginning of the period/ year	20,978	20,978
Balance at the end of the period/ year	20,978	20,978
Accumulated depreciation		
Balance at the beginning of the period/ year	3,180	1,590
Depreciation of the period / year	397	1,590
Balance at the end of the period/ year	3,577	3,180
Net book value at end of the period/ year	17,401	17,798

AL ABDULLATIF INDUSTRIAL INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

Notes to the consolidated interim condensed financial statements for the three months period ended March 31, 2021 (Unaudited)

(All amounts in thousands Saudi Riyals unless otherwise stated)

7. Leases... (continued)

7.2. Leases' obligations

	<u>31/3/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
Balance at the beginning of period / year	18,333	19,761
Less: paid during the period / year	(44)	(2,395)
Leases interest charged to the cost of finance	225	967
Present value of obligations	18,514	18,333

Lease obligations are presented in the statement of financial position according to the current portion - within the current liabilities (represent the part payable to be paid within a year) and the non-current portion - within the non-current liabilities (and it represents the remainder of the liability less the current portion) as follows: -

	<u>31/3/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
7.2.1. Leases obligations – Current portion	1,228	1,202
7.2.2. Leases obligations –Non-current portion	17,286	17,131
	18,514	18,333

8. Investments at fair value through other comprehensive income (FVTOCI)

<u>Unlisted investments</u>	<u>Legal form</u>	<u>Headquarter</u>	<u>Shareholding %</u>	<u>31/3/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
Red Sea Cables Company *	A Saudi closed joint stock company	Riyadh	27%	45,650	45,650
Al-Reef Sugar Refining Company **	A Saudi closed joint stock company	Jeddah	15%	37,125	37,125
				82,775	82,775

Movement of changes in fair value was at follows:

	<u>31/03/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
Balance at the beginning of the period / year	82,775	72,377
Additions during the period / year ***	-	1,575
Profits of revaluation of investments at fair value	-	8,823
Fair value at end of the period / year	82,775	82,775

* The cost of the investment in the Red Sea Cables Company amounted to SR 50 million.

** The cost of investment in Al-Reef Sugar Refining Company amounted to SR 45 million.

*** During the year, the group injected an amount of SR1, 575 thousand, which represents 50% payment of the group's share in the increase of share capital of Al Reef Sugar Refining Company, which is determined at 7% of the company's capital value in accordance with the decision of the Board of Directors of Al Reef Sugar Refining Company dated 28/2/1442H, corresponding to 14/10/2020.

AL ABDULLATIF INDUSTERIAL INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

Notes to the consolidated interim condensed financial statements for the three months period ended March 31, 2021 (Unaudited)

(All amounts in thousands Saudi Riyals unless otherwise stated)

8. Investments at fair value through other comprehensive income (FVTOCI)...(continued)

The Group does not have any kind of control or significant influence over participation in the financial and operational decisions of the investees.

The aforementioned fair value is evaluated as at December 31, 2020 by an accredited valuer (Office of Ahmed Muhammad Abdullah Al-Faraj for Valuation of Economic Enterprises - License No. 4112000053), and the Group's management did not re-evaluate during the three-month period ended on March 31, 2021, as it believed that there was no change in the fair value of the investment.

Note 17 includes fair value information

9. Transactions with related parties

9.1. Due from related parties

<u>Related party</u>	<u>Nature of relationship</u>	<u>31/3/2021 (unaudited)</u>	<u>31/12/2020 (audited)</u>
Al Abdullatif Furniture Company	Related to one of the board of directors' member	34,467	38,798

9.2. Due to related parties

	<u>Nature of relationship</u>	<u>31/3/2021 (unaudited)</u>	<u>31/12/2020 (audited)</u>
Natural Gas Distribution Company	Related to one of the board of directors member	-	185

9.3. Significant transactions with related parties

		<u>Type and size of transactions with related parties</u>		
	<u>Nature of Relationship</u>	<u>Sales and services rendered</u>	<u>Purchases and services received</u>	<u>Payments and repayments</u>
Al Abdullatif Furniture Company	Related to one of board of directors member	8,171	135	(12,367)
Natural Gas Distribution Company	Related to one of board of directors member	-	341	526

All transactions with related parties represent commercial relations that take place in accordance with the normal terms of dealings with others and do not have any special advantages. The balances do not include any interest and no guarantees are provided in return for them, and the payment is according to the agreements concluded with the related parties.

The Group evaluates the impairment of trade receivables due from related parties through reviewing the financial position of related parties and markets in which they operate at each financial period. The management believes that there are no indications of impairment of balance due as at March 31, 2021.

AL ABDULLATIF INDUSTERIAL INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

Notes to the consolidated interim condensed financial statements for the three months period ended March 31, 2021 (Unaudited)

(All amounts in thousands Saudi Riyals unless otherwise stated)

10. Investments at fair value through profits or losses

	31/3/2021 (unaudited)	31/12/2020 (audited)
Balance at beginning of the period / year	8,750	16,258
Additions during the period / year	-	-
Profits on revaluation of investments at fair value	250	309
Disposals by sale	-	(7,817)
Balance at end of the period / year	9,000	8,750

* Investments represent shares of listed Company (Saudi Arabian Oil Company – Aramco) with less than 1% of the share capital of the investee. Number of shares of the investee as at March 31, 2021, is 250,000 shares. The fair value was measured in accordance with disclosed share price as at March 31, 2021. Profits or losses of evaluation have been recognized through profits or losses.

11. Share capital

	31/3/2021 (unaudited)	31/12/2020 (audited)
Balance at end of the period / year	812,500	812,500

The Company's share capital is S.R. 812,500 thousand divided into 81,250 shares with a nominal value of SR. 10 each. The shareholders subscribed to the entire capital of the Company. There were no changes in share capital during the current reporting financial period.

12. Employees' defined benefits obligations

The Group submitted a defined benefit plan in line with the Labor Law requirement in the Kingdom of Saudi Arabia. The end-of-service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment. Employees end-of-service benefit plans are unfunded plans and the benefit payment obligation are met when they fall due upon termination of employment.

The movement during the period was as follows:

	31/3/2021 (unaudited)	31/12/2020 (audited)
Balance at beginning of the period/ year	13,428	11,385
Cost of current service	1,515	4,243
Paid during the period / year	(981)	(3,313)
Actuarial losses "charged to other comprehensive income"	-	1,113
Balance at end of the period / year	13,962	13,428

Actuarial assessment was carried out by using expected credit unit method to measure present value of employees' defined benefit obligations at December 31, 2020. It recognized the impact of that study, and the Group's management did not perform an actuarial evaluation of the employee benefit obligations during the three-month period ended March 31, 2021, as it expects that there will be no significant changes in the present value of the liabilities.

AL ABDULLATIF INDUSTRIAL INVESTMENT COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to the consolidated interim condensed financial statements for the three months period ended March 31, 2021 (Unaudited)

(All amounts in thousands Saudi Riyals unless otherwise stated)

13. Banks – Islamic credit facilities

	31/3/2021 (unaudited)	31/12/2020 (audited)
Commercial Tayseer finance and short-term Murabaha	56,556	66,653
Less: deferred finance commissions	(83)	(349)
	<u>56,473</u>	<u>66,304</u>

- * Under facilities agreements signed with local banks, the Company obtained short-term credit facilities with sum of SR 556,7 million for the following purposes:
- Finance to purchase and import the raw materials necessary for production.
 - Finance the operational cycle of the Company and working capital.
 - Purchase of materials via the opening account of Sabic Company.- Letters of credit and guarantees.
 - Murabaha and Tawarruq.- Hedging from foreign currency and collections risk

And this under the following guarantees:

- Promissory notes with maximum amount of the facilities. - General agreement to finance Islamic trading.
- Main hedge agreement.

14. Provision for zakat

14.1. Movement in provision for zakat

	31/3/2021 (unaudited)	31/12/2020 (audited)
Balance at beginning for the period / year	22,019	18,381
Paid during the period / year	(6,020)	(18,826)
Provided for the period / year	7,000	22,464
Balance at end for the period / year	<u>22,999</u>	<u>22,019</u>

14.2. Status of zakat

- The group has finalized its Zakat status with the General Authority for Zakat and Tax until 2014.
- The Group filed the zakat return for the year ended at December 31, 2019.
- The Group obtained a certificate for the year 2019 with the number 1110810052 dated 03/08/1441H, valid until 18/09/1442 AH (corresponding to April 30, 2021).

Zakat has been calculated for the subsidiaries mentioned in note (1) within the consolidated financial statements of the group, and the group is committed to accounting for it before the General Authority for Zakat and Tax, and each company is charged with its Zakat payable in accordance with the group's policy of redistributing zakat among the subsidiaries for the period of three the months ended March 31, 2021 and according to the management's estimates of the Zakat base on that date, which may not necessarily represent an accurate indicator of the actual period's share of the final Zakat at the end of 2020.

AL ABDULLATIF INDUSTERIAL INVESTMENT COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to the consolidated interim condensed financial statements for the three months period ended March 31, 2021 (Unaudited)

(All amounts in thousands Saudi Riyals unless otherwise stated)

15. (Loss) of the share

The basic (loss) per share was calculated on the basis of the net (loss) for the period attributable to the shareholders of the company amounting to SR (4,379) thousand (2020: SR 7,730 thousand) divided by the weighted average number of issued shares equal to 81,250 thousand shares (2020 - 81,250 thousand shares), and the diluted share (loss) was equal to the basic share (loss).

16. Segment information

The Group's operating segments represent in two main sectors (the carpet, rugs and related products sector, and the blankets sector). Below is a summary of some of the financial information for the main business sectors for the period of three months ended March 31, 2021 (compared to the period of the months ended March 31, 2020).

<u>Description/sector</u>	<u>carpet, rugs and related products</u>	<u>Blankets</u>	<u>Total</u>
<u>For the three period ended March 31, 2021 (unaudited)</u>			
Revenue	140,617	13,487	154,104
Cost of revenue	(132,951)	(11,590)	(144,541)
Gross profit	7,666	1,897	9,563
Net (loss) of the period	(4,874)	495	(4,379)
Property, plant and equipment-net	232,385	19,034	251,419
Total assets	1,148,242	129,227	1,277,469
Total liabilities	143,514	6,629	150,143
<u>For the three period ended March 31, 2020 (unaudited)</u>			
Revenue	115,169	18,183	133,352
Cost of revenue	(110,152)	(17,613)	(127,765)
Gross profit	5,017	570	5,587
Net (loss) of the period	(7,157)	(573)	(7,730)
Property, plant and equipment-net	307,543	22,034	329,577
Total assets	1,204,394	137,965	1,342,359
Total liabilities	194,157	7,106	201,263

17. Financial instruments and risk management

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

The group's financial instruments consist of financial assets and they represent (cash and cash equivalents, trade receivables, investments at fair value through profit or loss and other receivables) and financial liabilities represent (Banks - credit facilities, trade payables and other payables) The risks include:

AL ABDULLATIF INDUSTRIAL INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

Notes to the consolidated interim condensed financial statements for the three months period ended March 31, 2021 (Unaudited)

(All amounts in thousands Saudi Riyals unless otherwise stated)

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

17.1. Liquidity risk

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

The Group's terms of sales stipulate that payments are made in cash upon delivery of the goods or on a credit sale basis, according to credit terms, in which the payment period usually ranges between 30 to 180 days.

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

The following are the contractual maturities of financial liabilities as at end of the fiscal year:

March 31, 2021				
	Upon request or less than one year	From 1 year to 5 years	More than 5 years	Net book value
Banks- Credit facilities	56,473	-	-	56,473
Trade payables	20,358	-	-	20,358
Other payables	12,619	-	-	12,619
	89,450	-	-	89,450

March 31, 2020				
	Upon request or less than one year	From 1 year to 5 years	More than 5 years	Net book value
Banks- Credit facilities	110,252	-	-	110,252
Trade payables	14,862	-	-	14,862
Other payables	12,670	-	-	12,670
	137,784	-	-	137,784

17.2. Credit risk

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

AL ABDULLATIF INDUSTRIAL INVESTMENT COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to the consolidated interim condensed financial statements for the three months period ended March 31, 2021 (Unaudited)

(All amounts in thousands Saudi Riyals unless otherwise stated)

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

17.2. Credit risk... (continued)

The followings are the carrying values of financial assets that represent the maximum credit risk:

	31/3/2021 (unaudited)	31/12/2020 (audited)
Cash at banks	61,489	75,969
Trade receivables	374,352	346,185
Other receivables	10,091	7,890
	<u>445,932</u>	<u>430,044</u>

Accounts receivable are stated net of provision for impairment of trade receivables and sales discounts and returns. The Group applies the simplified version of ECL measurement by grouping receivables on the basis of common credit risk characteristics and the days in which they are due.

17.3. Market risk

Market risk is the risk of fluctuation in a financial instrument due to changes in prices prevailing in the market such as foreign exchange rates, interest rates, and stock prices, which affect the group's income or the value of financial instruments it owns.

The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

The market risks that the group is exposed represent the followings:

Currency risk

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

The group is subject to risks of fluctuations in foreign exchange rates during its normal business cycle.

Fair value risk

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

A financial instrument is considered quoted in an active market if the quoted prices are readily and regularly available from Foreign exchange dealer, broker, industry group, pricing services or regulatory body, and that prices represent actual and regular market transactions on a commercial basis.

AL ABDULLATIF INDUSTRIAL INVESTMENT COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to the consolidated interim condensed financial statements for the three months period ended March 31, 2021 (Unaudited)

(All amounts in thousands Saudi Riyals unless otherwise stated)

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

17.3. Market risk...(continued)

Fair value risk...(continued)

When measuring fair value, the group uses observable market information whenever possible. Fair values are classified within different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level 1: Quoted (unadjusted) prices in active markets for similar assets or liabilities that may be acquired on the date of measurement.

Level 2: Inputs other than quoted prices that are included in Level 1 that are observable for assets or liabilities directly (like prices) or indirectly (derived from prices).

Level 3: Inputs for assets or liabilities that are not based on observable market information (unobservable inputs).

If the inputs used to measure the fair value of the asset or liability fall into different levels of the hierarchy, the fair value measurement is categorized entirely in the same level of the fair value hierarchy as the lowest level input is considered material to the full measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurred. During the year there were no transfers between the fair value levels of Level 1 and Level 2.

Where the group's financial instruments are grouped according to the historical cost principle, except for investments and derivative financial instruments that charged with the fair value, differences may arise between the book value and the fair value estimates. The management believes that the fair value of the group's financial assets and liabilities are not materially different from their carrying value.

Followings are the financial assets measured at fair value:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments at fair value through other comprehensive income	-	-	82,775	82,775
Investments at fair value through profit or loss	9,000	-	-	9,000
Total assets at fair value	9,000	-	82,775	91,775

Interest rate risk (commission)

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

Commodity price risk

Commodity price risk is the risk associated with changes in the prices of certain commodities to which the group is exposed to by unfavorable effect on the costs and cash flows. These risks arise in commodity prices from the expected purchases of some commodities from the raw materials used by the group.

AL ABDULLATIF INDUSTRIAL INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

Notes to the consolidated interim condensed financial statements for the three months period ended March 31, 2021 (Unaudited)

(All amounts in thousands Saudi Riyals unless otherwise stated)

18. Comparative figures

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

19. Significant events

At the beginning of the year 2020, the novel corona pandemic (Covid-19) spread, causing disruption to business and economic activities all over the world, including the Kingdom of Saudi Arabia and the Kingdom took many precautionary measures to confront all the negative effects resulting from that pandemic.

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

During that period, and with the discovery of vaccines for this pandemic, and the effects of those pandemics diminishing, management evaluated all effects on the group's operations and activities, and based on this evaluation, there was no need to make any material adjustments to the consolidated interim condensed financial statements for the financial period ended March 31, 2021. However, given the current uncertainty, any future change in assumptions and estimates upon which results may arise, require making substantial adjustments to the book values of assets and / or liabilities in future periods, and in view of the rapid development in the current situation with the existence of uncertainty about the future, management will continue to evaluate the impact based on developments in future.

20. Events subsequent to the date of the financial statements

There are no significant subsequent events from the end of the period until the reporting date that may require disclosure or amendment to the group's financial position appearing in these consolidated interim condensed financial statements.

21. Approval of the consolidated interim condensed financial statements

These consolidated interim condensed financial statements for the three months period ended March 31, 2021 were approved by the Group's Board of Directors on May 18, 2021.