

NASEEJ INTERNATIONAL TRADING COMPANY

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

(A SAUDI JOINT STOCK COMPANY)

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE AND SIX MONTHS PERIOD
ENDED JUNE 30, 2022**

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

Index

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REVIEW REPORT	
STATEMENT OF INTERIM CONDENSED CONSOLIDATED FINANCIAL POSITION AS AT JUNE 30, 2022	1
STATEMENT OF INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2022	2
STATEMENT OF CHANGES IN INTERIM CONDENSED CONSOLIDATED EQUITY AS AT JUNE 30, 2022	3
STATEMENT OF INTERIM CONDENSED CONSOLIDATED CASH FLOWS AS AT JUNE 30, 2022	4
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2022	5 – 13

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**TO THE SHAREHOLDERS**

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

**REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR
THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2022****Introduction**

We have reviewed the accompanying condensed consolidated statement of financial position of NASEEJ INTERNATIONAL TRADING COMPANY (FORMERLY KNOWN AS AL SORAYAI TRADING AND INDUSTRIAL GROUP COMPANY) (the "Company") as at June 30, 2022 and the related condensed interim consolidated statements of profit and loss and comprehensive income for the three-months and six months periods ended June 30, 2022 and the condensed consolidated interim statements of changes in equity and condensed consolidated interim cash flows for the six month period then ended and condensed consolidated interim notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Emphasis of matter

We draw attention to note 11.1 to the financial statements, regarding the approval of the shareholders Extraordinary General Assembly meeting held on July 18, 2022, to reduce the share capital of the Company from SAR 211.6 million to SAR 108.9 million.

FOR EL SAYED EL AYOUTY & CO.

Jeddah: August 4, 2022
Muharram 06, 1444H.



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

An Independent Member Firm of Moore Global
Network Limited - Member Firms in principal cities
throughout the world.

NASEEJ INTERNATIONAL TRADING COMPANY
(FORMERLY KNOWN AS AL SORAYAI TRADING AND INDUSTRIAL GROUP COMPANY)
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Statement of interim condensed consolidated financial position as at June 30, 2022

(All amounts in Saudi Riyals Thousands unless otherwise stated)

	Notes	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment – net		157,599	166,049
Intangible assets – net		281	411
Investment in associates and a joint ventures	10	15,329	15,022
Right to use assets	3	17,108	19,177
Total non-current assets		190,317	200,659
Current assets			
Inventories, net		130,339	104,397
Trade receivables, net		107,816	75,550
Prepayments and other receivables, net		19,262	15,111
Cash and cash equivalent		7,002	63,256
Total current assets		264,419	258,314
TOTAL ASSETS		454,736	458,973
EQUITY HOLDERS' EQUITY AND LIABILITIES			
Equity			
Share capital		211,632	211,632
Accumulated losses		(90,687)	(102,659)
Total shareholders' equity		120,945	108,973
Non-current liabilities			
Loans and borrowings	4	166,818	164,974
Right to use obligations	3	13,537	14,790
Employees' defined benefit obligations		20,624	20,979
Derivative financial instruments	7	97	1,077
Total non-current liabilities		201,076	201,820
Current liabilities			
Loans and borrowings	4	49,290	82,905
Right to use obligations	3	1,795	2,375
Trade payables		33,462	26,959
Due to related parties	9.3	7,132	4,439
Other payables		37,687	28,493
Povision for zakat		3,349	3,009
Total current liabilities		132,715	148,180
Total liabilities		333,791	350,000
TOTAL EQUITY AND LIABILITIES		454,736	458,973

The annexed notes from 1 to 12 form an integral part of these financial statements.

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

Statement of interim condensed consolidated profit and loss and other comprehensive income for the three months and six months period ended June 30, 2022

(All amounts in Saudi Riyals Thousands unless otherwise stated)

	Three month period		Six month period	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	Unaudited		Unaudited	
Continuous operations				
Sales – net	69,587	65,863	153,217	136,126
Cost of sales	(50,951)	(54,523)	(115,656)	(114,632)
Gross profit	18,636	11,340	37,561	21,494
Selling and distribution expenses	(6,556)	(7,449)	(13,885)	(14,492)
General and administration expenses	(3,826)	(5,721)	(8,778)	(10,920)
Impairment of current assets – net	-	181	-	(116)
Other income – net	946	309	2,338	295
Operating income/ (loss)	9,200	(1,340)	17,236	(3,739)
Profit due to change in fair value of derivatives	365	446	980	-
Net share on investment in associates and joint venture	109	(26)	307	183
Financial charges	(3,332)	(4,041)	(5,158)	(6,604)
Profit/ (loss) before zakat	6,342	(4,961)	13,365	(10,160)
Zakat	(833)	(60)	(1,393)	(130)
Profit/ (loss) for the period	5,509	(5,021)	11,972	(10,290)
Other comprehensive income				
<i>Items that will not be reclassified in subsequent date to profit or loss (net after zakat)</i>				
Loss on revaluation of employees defined benefit obligations.	-	-	-	-
Net income of items that will not be reclassified in subsequent date to profit or loss (net after zakat)	-	-	-	-
Total other comprehensive loss	-	-	-	-
Total other comprehensive income /(loss) –net	5,509	(5,021)	11,972	(10,290)
Profit/ (loss) per share	0.26	(0.82)	0.57	(1.67)

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NASEEJ INTERNATIONAL TRADING COMPANY**(FORMERLY KNOWN AS AL SORAYAI TRADING AND INDUSTRIAL GROUP COMPANY)****(A Saudi Joint Stock Company)****Statement of changes in interim condensed consolidated equity as at June 30, 2022**

(All amounts in Saudi Riyals Thousands unless otherwise stated)

	Share capital	Accumulated losses	Total shareholders' equity
As at January 01, 2021	61,632	(6,199)	55,433
Net loss for the period	-	(10,290)	(10,290)
Loss on revaluation of employees' defined benefit obligations	-	-	-
As at June 30, 2021 (unaudited)	<u>61,632</u>	<u>(16,489)</u>	<u>45,143</u>
As at January 01, 2022	211,632	(102,659)	108,973
Net profit for the period	-	11,972	11,972
Gain / (loss) on revaluation of employees' defined benefit obligations	-	-	-
As at June 30, 2022 – (unaudited)	<u>211,632</u>	<u>(90,687)</u>	<u>120,945</u>

The annexed notes from 1 to 12 form an integral part of these financial statements.

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

Statement of interim condensed consolidated cash flows as at June 30, 2022

(All amounts in Saudi Riyals Thousands unless otherwise stated)

	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
Operating activities		
Profit/ (loss) before zakat	13,365	(10,160)
Adjustments for:		
Depreciation	8,738	8,398
Amortization of intangibles	130	428
Provision for employees' defined benefit obligations	1,358	1,376
Financial charges	5,158	6,604
Impairment on current assets / revaluation – net	-	(65)
Amortization of right to use assets	2,069	4,273
Gain/ (loss) on disposal of property, plant and equipment	-	(258)
Share of profit from an associate and joint ventures	(307)	(183)
(Loss)/ gain due to change in fair value of derivatives financial instruments	(980)	(885)
Operating profit before working capital changes	29,531	9,528
Working capital changes:		
Inventories, net	(25,942)	(11,593)
Trade receivables, prepayments and other receivables – net	(36,417)	(8,527)
Trade payables and other payables	15,697	6,242
Right-to-use obligation	(1,833)	(4,786)
Due to related parties	2,693	(2,509)
Cash flows from operating activities	(16,271)	(11,645)
Financial charges paid	(5,158)	(6,604)
Zakat paid	(1,053)	(2,720)
Employees' defined benefits paid	(1,713)	(2,621)
Net cash used in operating activities	(24,195)	(23,590)
Investing activities		
Purchase of property, plant and equipment	(288)	(623)
Proceeds from disposal of property, plant and equipment	-	333
Net cash used in investing activities	(288)	(290)
Financing activities		
Loans and borrowings - net movement	(31,771)	(11,296)
Proceed from investment in associates and joint venture	-	408
Net cash flows used in financing activities	(31,771)	(10,888)
Net decrease in cash and cash equivalents	(56,254)	(34,768)
Cash and cash equivalents as at January 01,	63,256	38,493
Cash and cash equivalents as at June 30,	7,002	3,725

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NASEEJ INTERNATIONAL TRADING COMPANY
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Notes to the interim condensed consolidated financial statements for the three months and six months period ended June 30, 2022

(All amounts in Saudi Riyals Thousands unless otherwise stated)

1. Corporate information

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

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

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

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

During December 2017, shareholders' in their Extraordinary General Assembly Meeting held on December 28, 2017, decided to amortize the accumulated losses amounted to SR 150 Million, as at September 30, 2017 by capital reduction, and the use of the entire statutory reserve and general reserve. This decision resulted in capital reduction from SR 375 million to SR 225 million and the company's commercial registration amended after capital deduction dated on 7 Jumada-Al-Awal 1439H corresponding to January 24, 2018.

During August 2019, shareholders' in their Extraordinary General Assembly Meeting held on August 28, 2019, decided to amortize the accumulated losses amounted to SR 159.5 million as at June 30, 2019 by capital reduction. This decision resulted in capital reduction from SR 225 million to SR 65.5 million, representing reduction in number of shares from 22.5 million to 6.5 million. Accordingly the company's commercial registration amended after capital reduction dated on 24 Safar 1441H corresponding to October 23, 2019.

Based on the decision of the extraordinary general assembly meeting, held on January 22, 2020, the shareholders decided to increase the capital from SR 65.5 million to SR 178.6 million. Such value of capital increase amounting to SR 112.66 million will be used, as a strategic direction for the group to raise the solvency of the group through the restructuring and the implementation of an action plan focusing on its main activities. On February 16, 2020, the share capital increase procedures were completed, the results of the offering period were announced, regulatory procedures were completed, and the commercial registration was amended with the value of the new capital on February 24, 2020.

The shareholders decided, based on the decision of the extraordinary general assembly, held on 3 Ramadan 1441 H, corresponding to April 26, 2020, agreed to change the name of the company from Al-Sorayai Trading and Industrial Group Company to Naseej International Trading Company. The commercial registration was amended with the new name on May 14, 2020.

The shareholders' in their extra ordinary general assembly meeting, held on December 20, 2020, approved the reduction in share capital from SR 178.6 million to SR 61.6 million by canceling 11.6 million shares representing SR 116.5 million. The reduction of SR 116.5 million was amortized against accumulated losses of the Group. The percentage change in share capital, after the share capital reduction ratio was 65.4%, therefore the reduction rate per share is 1.529 shares.

The shareholders' in their extra ordinary general assembly meeting, held on November 04, 2021, approved the increase in share capital from SR 61.6 million to SR 211.6 million by issuing 15 million shares representing SR 150 million. The percentage change in share capital 243.3% , therefore the increase in rate per share is 2.43 per shares.

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Notes to the interim condensed consolidated financial statements for the three months and six months period ended June 30, 2022

(All amounts in Saudi Riyals Thousands unless otherwise stated)

1. Corporate information (continued)

The Board of Directors decided on March 30, 2022 to recommend to the Extraordinary General Assembly to reduce the company's capital amounting to SAR 102,659,000/- for the purpose of amortization of accumulated losses.

Subsequent to period ending June 30, 2022, the shareholders' in their Extraordinary General Assembly meeting, held on July 18, 2022, approved the reduction in share capital from SR 211.6 million to SR 108.9 million by canceling 10.3 million shares representing SR 102.6 million. The reduction of SR 102.6 million was amortized against accumulated losses of the Group. The percentage change in share capital, after the share capital reduction ratio was 48.51%, therefore the reduction rate per share is 1.485 shares (Note 11).

The main branch is located in Industrial Area 1, Jeddah, Kingdom of Saudi Arabia.

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

Name of the branch	Name of the amended branch	Commercial registration
Jeddah Factory for Industrial Yarn	Jeddah Industrial Thread Factory	4030115974
Al - Sorayai Carpet Factory	Al - Sorayai Carpet Factory	4030131014

In addition to main branch and two factories, these condensed consolidated interim financial statements includes results, assets and liabilities of 17 other branches

2. Significant accounting policies

2.1. Statements of compliance

The condensed consolidated interim financial statements for the six months ended June 30, 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted in the Kingdom of Saudi Arabia as well as other standards and announcements endorsed by Saudi Organization for Certified Public Accountant (SOCPA).

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2021, except the modification in depreciation policy plant and equipment from the straight line to unit production method.

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

2.2. Basis of preparation

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

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

The condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, and require management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of the interim condensed consolidated financial statements. These significant estimates and assumptions have been disclosed in the annual consolidated financial statements for the year ended December 31, 2021.

NASEEJ INTERNATIONAL TRADING COMPANY
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Notes to the interim condensed consolidated financial statements for the three months and six months period ended June 30, 2022

(All amounts in Saudi Riyals Thousands unless otherwise stated)

2. Significant accounting policies (continued)

2.2. Basis of preparation (continued)

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

2.3. Basis of consolidation

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

Name	Main activity	Ownership holding	
		2022	2021
The Home Style Company LLC	(a) Retail trade in carpets, rugs, floors, furniture, blankets, curtain fabrics and accessories	100%	100%
Al Sorayai Company for Operations and Maintenance Ltd.	Maintenance services for factories, governmental and private institutions	100%	100%
Al Sorayai for Projects Company LLC (The activity is suspended)	Government and private project services for furniture, rugs and carpets	100%	100%

- a) The Home Styles Company LLC ("the subsidiary"), was incorporated in November 2010. As the Parent Company is the 100% beneficial owner of the subsidiary, these consolidated financial statements include 100% of the results of the subsidiary. Under the restructuring of the Group and upon the approval of the Board of Directors in 2017 meetings, the Group will consolidate the operations of the subsidiary in the Group under the commercial segment.

Control is achieved when the Company has:

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

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

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

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

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Notes to the interim condensed consolidated financial statements for the three months and six months period ended June 30, 2022

(All amounts in Saudi Riyals Thousands unless otherwise stated)

2. Significant accounting policies (Continued)

2.3. Basis of consolidation (Continued)

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

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

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

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

Changes in the group's equity in existing subsidiaries

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

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

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

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

2.4. New Standards, Amendments to Standards and Interpretations

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2021 and has been explained in Group annual Consolidated Financial Statements, but they do not have a material effect on the Group's Condensed Consolidated Interim Financial Statements.

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Notes to the interim condensed consolidated financial statements for the three months and six months period ended June 30, 2022

(All amounts in Saudi Riyals Thousands unless otherwise stated)

3. Right to use assets and lease obligations

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

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
3.1 Right to use		
At as 1 January	30,500	30,789
Additions during the year	-	6,660
Termination during the year	-	(6,949)
As at June 30, / December 31,	30,500	30,500
Amortization (note 3.1.1)	(13,392)	(11,323)
Right of use asset – net	17,108	19,177

3.1.1 Amortization

Accumulated amortization as at January 01,	11,323	6,572
Amortization during the year	2,069	4,751
Accumulated amortization as at June 30, / December 31,	13,392	11,323

3.2. Right of use obligation

At as 1 January	17,165	23,696
Additions during the year	-	5,583
Termination during the year	-	(7,469)
Finance charges accrued	376	1,438
Rent paid during the year	(2,209)	(6,083)
As at June 30, / December 31,	15,332	17,165
Current portion	(1,795)	(2,375)
Non-current portion	13,537	14,790

4. Loans and borrowings

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Saudi National Bank – SNB	27,130	27,802
Al Rajhi Bank	30,000	53,000
Saudi British Bank – SABB	10,835	11,204
Riyadh Bank	104,929	110,775
Saudi Industrial Development Fund	21,507	22,442
Ministry of Finance	21,707	22,656
Loan and borrowing – total	216,108	247,879
Loans and borrowings – current	(49,290)	(82,905)
Loans and borrowings – non current	166,818	164,974

The management has obtained final approval for restructuring credit facilities by the banks (except SABB under negotiation). Accordingly, as at June 30, 2022, the management reclassify non-current portion of loans and borrowings to current portion related to (SABB Bank) loan.

NASEEJ INTERNATIONAL TRADING COMPANY

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

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements for the three months and six months period ended June 30, 2022

(All amounts in Saudi Riyals Thousands unless otherwise stated)

5. Contingencies

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

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Letter of credit	-	440
Letter of guarantees	747	-
	<u>747</u>	<u>440</u>

6. Earnings/(Loss) per share

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

7. Derivative financial instruments

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

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

Instrument	Nominal value of hedging instrument	Book value of hedging instruments	
		June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Interest rate swap	94,500	<u>97</u>	<u>1,077</u>

8. Business sector information

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

	For three months period ended			For the six months period ended		
	June 30, 2022			June 30, 2022		
	Sales	Cost of sales	Total profit	Sales	Cost of sales	Total profit
Flooring	59,193	(40,105)	19,088	132,473	(96,803)	35,670
Non – flooring	10,394	(10,846)	(452)	20,744	(18,853)	1,891
	<u>69,587</u>	<u>(50,951)</u>	<u>18,636</u>	<u>153,217</u>	<u>(115,656)</u>	<u>37,561</u>

	For the three months period ended			For the six months period ended		
	June 30, 2021			June 30, 2021		
	Sales	Cost of sales	Total profit	Sales	Cost of sales	Total profit
Flooring	54,627	(41,696)	12,931	113,871	(92,328)	21,543
Non – flooring	11,236	(12,827)	(1,591)	22,255	(22,304)	(49)
	<u>65,863</u>	<u>(54,523)</u>	<u>11,340</u>	<u>136,126</u>	<u>(114,632)</u>	<u>21,494</u>

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

Notes to the interim condensed consolidated financial statements for the three months and six months period ended June 30, 2022

(All amounts in Saudi Riyals Thousands unless otherwise stated)

9. Related parties transactions and balances

9.1. Nature of relationship

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

Name of the related parties	Relationship
Green Vision for Artificial Grass Company	Affiliates
Saudi Company for Manufacturing Carpet Materials	Affiliates
Al Sorayai Industrial Investment Group	Affiliates
Al Hikma International For Real Estate Development Company	Affiliates
Others	Shareholders

9.2. Significant transactions

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Purchases	12,201	14,180
Management benefits	1,604	4,500
BOD remuneration and executive committees	500	1,466
Rent	201	1,332

9.3. Due to related parties

Saudi Company for Manufacturing Carpets Materials	6,165	4,337
Al Hikma International for Real Estate Development Company	201	102
Al Sorayai Industrial Investment	766	-
	7,132	4,439

NASEEJ INTERNATIONAL TRADING COMPANY
(FORMERLY KNOWN AS AL SORAYAI TRADING AND INDUSTRIAL GROUP COMPANY)
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Notes to the interim condensed consolidated financial statements for the three months and six months period ended June 30, 2022

(All amounts in Saudi Riyals Thousands unless otherwise stated)

10. Investment in associates and joint ventures

		Arabian Calcium Carbonate Production Company*	Al Salam Educationa l National Int'l Co.**	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Capital	(1)	5,000	250	5,250	5,250
Long term payment		16,880	-	16,880	16,880
Proceed against long term payment		(408)	-	(408)	(408)
Long term payment - net	(2)	16,472	-	16,472	16,472
Group share of result					
Group share of result as at Jan 01,		(6,450)	(250)	(6,700)	(7,147)
Current period / year share of gain / (loss)		307	-	307	697
Group share of result	(3)	(6,143)	-	(6,393)	(6,450)
Balance at the June 30, / Dec 31, (1+2+3)		15,329	-	15,329	15,022

*The Group owns 52% of the Arabian Calcium Carbonate Production Company (a limited liability Company) was established in Saudi Arabia, with commercial registration number 4030259768 dated 23 Muharram 1435H corresponding to December 6, 2012 and issued from Jeddah. According to the decision of the Extraordinary General Assembly Meeting on January 16, 2017, corresponding to 17 Rabi-Al-Thani 1438H the shareholders have agreed to reduce the percentage contribution of the company from 52% to 25% by entering the company's new shareholder capital increase and therefore the company loses control of the subsidiary. The Article of Association was amended on Rabi-Al-Thani 8, 1441H corresponding to December 5, 2019, and the commercial registration was amended on Rabi-Al-Thani 14, 1441H corresponding to December 12, 2019.

The investment, in Arabian Calcium Carbonate Production Company – 25% shareholding, has been accounted for using equity method of accounting based on management financial statements (un-audited) for the year ended December 31, 2021. The management is not expecting any changes in the results of the audited financial statements for the year ended 2021.

**The Group owns 25% shares of Al Salam Educational National Int'l Co. The Company was established in Saudi Arabia for the purpose to prepare, manage, operation of colleges, institutes and universities also includes publication and trading of books across Kingdom of Saudi Arabia. The company was established on March 20, 2014 corresponding to 19 Jamad-Al-Awal 1435H.

11. Subsequent events

11.1. Reduction in share capital

- The Board of Directors decided on March 30, 2022 to recommend to the Extraordinary General Assembly to reduce the company's capital amounting to SAR 102,659,000/- for the purpose of amortization of accumulated losses.
- The shareholders' in their Extraordinary General Assembly meeting, held on July 18, 2022, approved the reduction in share capital from SR 211.6 million to SR 108.9 million by canceling 10.3 million shares representing SR 102.6 million. The reduction of SR 102.6 million was amortized against accumulated losses of the Group. The percentage change in share capital, after the share capital reduction ratio was 48.51%, therefore the reduction rate per share is 1.485 shares.

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(FORMERLY KNOWN AS AL SORAYAI TRADING AND INDUSTRIAL GROUP COMPANY)
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Notes to the interim condensed consolidated financial statements for the three months and six months period ended June 30, 2022

(All amounts in Saudi Riyals Thousands unless otherwise stated)

11. Subsequent events (continued)

- 11.2.** Except as stated in note 11.1 above, the management of the Company believes that there are not significant subsequent events exist since the date of preparation of these interim condensed consolidated financial statements as at June 30, 2022 until the approval of these financial statements that may have material impact on interim condensed consolidated financial statements.

12. Approval of financial statements

The Board of Directors of the Group approved the interim unaudited condensed consolidated financial statements on August 04, 2022 corresponding to Muharram 06, 1444H.