

**NASEEJ INTERNATIONAL TRADING COMPANY**

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

(A SAUDI JOINT STOCK COMPANY)

**UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
FOR THE THREE MONTHS AND SIX MONTHS PERIOD  
ENDED JUNE 30, 2021**

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

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[www.elayouty.com](http://www.elayouty.com)**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, 2021****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, 2021 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, 2021 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.

Jeddah: August 19, 2021  
Muharram 11, 1443H.**FOR EL SAYED EL AYOUTY & CO.****Mohamed El Ayouty  
Certified Public Accountant  
License No. (211)**

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

**Statement of interim condensed consolidated financial position as at June 30, 2021**

(All amounts in Saudi Riyals Thousands unless otherwise stated)

	Notes	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment – net		167,697	175,547
Intangible assets – net		714	1,142
Investment in associates and a joint ventures	10	14,508	14,733
Right to use assets	3	19,944	24,217
<b>Total non-current assets</b>		<b>202,863</b>	<b>215,639</b>
<b>Current assets</b>			
Inventories, net		161,857	150,264
Trade receivables, net		92,220	87,155
Prepayments and other receivables, net		23,389	19,992
Cash and cash equivalent		3,725	38,493
<b>Total current assets</b>		<b>281,191</b>	<b>295,904</b>
<b>TOTAL ASSETS</b>		<b>484,054</b>	<b>511,543</b>
<b>EQUITY HOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		61,632	61,632
Accumulated losses		(16,489)	(6,199)
<b>Total shareholders' equity</b>		<b>45,143</b>	<b>55,433</b>
<b>Non-current liabilities</b>			
Loans and borrowings - non current	4	196,853	208,149
Right to use obligations - non current	3	17,108	19,748
Employees' defined benefit obligations		18,780	20,025
Derivative financial instruments		1,831	2,716
<b>Total non-current liabilities</b>		<b>234,572</b>	<b>250,638</b>
<b>Current liabilities</b>			
Loans and borrowings – current	4	103,000	103,000
Right to use obligations – current	3	1,802	3,948
Trade payables		39,156	39,557
Due to related parties	9.3	18,904	21,413
Other payables		39,765	33,122
Zakat payable		1,712	4,432
<b>Total current liabilities</b>		<b>204,339</b>	<b>205,472</b>
<b>Total liabilities</b>		<b>438,911</b>	<b>456,110</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>484,054</b>	<b>511,543</b>

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, 2021**

(All amounts in Saudi Riyals Thousands unless otherwise stated)

	Three month period		Six month period	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	<i>Unaudited</i>		<i>Unaudited</i>	
<b>Continuous operations</b>				
Sales – net	65,863	36,978	136,126	80,011
Cost of sales	(54,523)	(35,031)	(114,632)	(76,465)
<b>Gross profit</b>	<b>11,340</b>	<b>1,947</b>	<b>21,494</b>	<b>3,546</b>
Selling and distribution expenses	(7,449)	(6,178)	(14,492)	(15,551)
General and administration expenses	(5,721)	(4,625)	(10,920)	(9,778)
Impairment of current assets – net	181	(3,076)	(116)	(4,526)
Other income – net	309	1,381	295	4,236
<b>Operating loss</b>	<b>(1,340)</b>	<b>(10,551)</b>	<b>(3,739)</b>	<b>(22,073)</b>
Loss due to change in fair value of derivatives	446	(147)	-	(993)
Loss on investment in associates and joint venture	(26)	(185)	183	(164)
Financial charges	(4,041)	(5,437)	(6,604)	(11,722)
<b>Loss before zakat</b>	<b>(4,961)</b>	<b>(16,320)</b>	<b>(10,160)</b>	<b>(34,952)</b>
Zakat expenses	(60)	(1,000)	(130)	(1,909)
<b>Loss for the period</b>	<b>(5,021)</b>	<b>(17,320)</b>	<b>(10,290)</b>	<b>(36,861)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified in subsequent date to profit or loss (net after zakat)</i>				
Loss on revaluation of employees defined benefit obligations.	-	(373)	-	(746)
<b>Net income of items that will not be reclassified in subsequent date to profit or loss (net after zakat)</b>	<b>-</b>	<b>(373)</b>	<b>-</b>	<b>(746)</b>
<b>Total other comprehensive loss</b>	<b>-</b>	<b>(373)</b>	<b>-</b>	<b>(746)</b>
<b>Total other comprehensive loss –net</b>	<b>(5,021)</b>	<b>(17,693)</b>	<b>(10,290)</b>	<b>(37,607)</b>
<b>Loss per share</b>	<b>(0.82)</b>	<b>(0.97)</b>	<b>(1.67)</b>	<b>(2.59)</b>

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

**NASEEJ INTERNATIONAL TRADING COMPANY**  
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**Statement of changes in interim condensed consolidated equity for the six months period ended June 30, 2021**

(All amounts in Saudi Riyals Thousands unless otherwise stated)

	Share capital	Accumulated losses	Total shareholders' equity
<b>As at January 01, 2020</b>	65,500	(32,405)	33,095
Increase in share capital	112,660	-	112,660
Net loss for the period	-	(36,861)	(36,861)
Cost to increase share capital	-	(7,393)	(7,393)
Loss on revaluation of employees' defined benefit obligations	-	(746)	(746)
<b>As at June 30, 2020 (unaudited)</b>	<u>178,160</u>	<u>(77,405)</u>	<u>100,755</u>
<b>As at January 01, 2020</b>	65,500	(32,405)	33,095
Increase in share capital	112,660	-	112,660
Cost of increase in share capital	-	(7,393)	(7,393)
Net loss for the year	-	(83,417)	(83,417)
Gain on revaluation of employees' defined benefit obligations	-	488	488
Reduction in share capital	(116,528)	116,528	-
<b>As at December 31, 2020 – (audited)</b>	<u>61,632</u>	<u>(6,199)</u>	<u>55,433</u>
<b>As at January 01, 2021</b>	61,632	(6,199)	55,433
Net loss for the year	-	(10,290)	(10,290)
<b>As at June 30, 2021 – (unaudited)</b>	<u>61,632</u>	<u>(16,489)</u>	<u>45,143</u>

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**NASEEJ INTERNATIONAL TRADING COMPANY**  
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**Statement of interim condensed consolidated cash flows for the six months period ended June 30, 2021**

(All amounts in Saudi Riyals Thousands unless otherwise stated)

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
<b>Operating activities</b>		
Loss before zakat	(10,160)	(34,952)
<b>Adjustments for:</b>		
Depreciation	8,398	8,571
Amortization of intangibles	428	-
Provision for employees' defined benefit obligations	1,376	1,202
Financial charges	6,604	11,722
Impairment on current assets / revaluation – net	(65)	6,076
Amortization of right to use assets	4,273	400
Gain/ (loss) on disposal of property, plant and equipment	(258)	(420)
Share of profit from an associate and joint ventures	(183)	165
(loss)/ gain in fair value of derivatives financial instruments	(885)	993
Operating profit / (loss) before working capital changes	9,528	(6,243)
<b>Working capital changes:</b>		
Inventories, net	(11,593)	(9,730)
Trade receivables, prepayments and other receivables, net	(8,527)	2,593
Due from related parties	-	47
Right to use assets	-	1,080
Trade payables and other payables	6,242	(1,357)
Right to use obligation	(4,786)	-
Due to related parties	(2,509)	(618)
Cash flows from operating activities	(11,645)	(14,228)
Financial charges paid	(6,604)	(7,350)
Zakat paid	(2,720)	(1,263)
Employees' defined benefits paid	(2,621)	(4,072)
<b>Net cash used in from operating activities</b>	<b>(23,590)</b>	<b>(26,913)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(623)	(90)
Proceeds from disposal of property, plant and equipment	333	420
<b>Net cash (used in) / provided by investing activities</b>	<b>(290)</b>	<b>330</b>
<b>Financing activities</b>		
Loans and borrowings - net movement	(11,296)	(2,467)
Increase in share capital	-	112,660
Cost incurred to addition in share capital	-	(7,393)
Proceed from investment in associates and joint venture	408	-
<b>Net cash flows (used in) / provided by financing activities</b>	<b>(10,888)</b>	<b>102,800</b>
<b>Net (decrease ) / increase in cash and cash equivalents</b>	<b>(34,768)</b>	<b>76,217</b>
Cash and cash equivalents as at January 01,	38,493	4,531
<b>Cash and cash equivalents as at June 30,</b>	<b>3,725</b>	<b>80,748</b>

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



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

(All amounts in Saudi Riyals Thousands unless otherwise stated)

**1. Corporate information**

Naseej International Trading Company (Formerly: 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 main branch is located in Industrial Area 1, Jeddah, Kingdom of Saudi Arabia.



**NASEEJ INTERNATIONAL TRADING COMPANY**  
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**Notes to the interim condensed consolidated financial statements**

(All amounts in Saudi Riyals Thousands unless otherwise stated)

**1. Corporate information (Continued)**

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	Commercial registration
Jeddah Industrial Thread Factory	4030115974
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 three months and six months period ended June 30, 2021 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 Chartered and Professional 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 June 30, 2021.

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, 2020.

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.

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

(All amounts in Saudi Riyals Thousands unless otherwise stated)

**2. Significant accounting policies (continued)**

**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	Note	Main activity	Ownership holding	
			2021	2020
The Home Style Company LLC	a)	Retail trade in carpets, rugs, floors, furniture, blankets, curtain fabrics and accessories	100%	100%
Millenium Weavers Holding Company Limited LLC	b)	Distribution of carpets, floors and other related products	100%	100%
Al Sorayai Company for Operations and Maintenance Ltd.		Maintenance services for factories, governmental and private institutions	100%	100%
Al Sorayai for Projects Company LLC (The activity is suspended)		Government and private project services for furniture, rugs and carpets	100%	100%

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

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

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

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

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**

(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**

(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, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>3.1 Right to use</b>		
At as 1 January	30,789	29,220
Additions during the year	-	1,569
Termination during the year	(1,747)	-
<b>As at June 30, / December 31,</b>	<b>29,042</b>	<b>30,789</b>
Amortization (note 3.1.1)	(9,098)	(6,572)
<b>Right of use asset – net</b>	<b>19,944</b>	<b>24,217</b>
<b>3.1.1 Amortization</b>		
Accumulated amortization as at January 01,	6,572	2,108
Amortization during the year	2,526	4,464
<b>Accumulated amortization as at June 30, / December 31,</b>	<b>9,098</b>	<b>6,572</b>
<b>3.2. Right of use obligation</b>		
At as 1 January	23,696	26,147
Additions during the year	-	1,856
Termination during the year	(1,971)	-
Finance charges accrued	1,004	1,449
Rent paid during the year	(3,819)	(5,756)
<b>As at June 30, / December 31,</b>	<b>18,910</b>	<b>23,696</b>
Current portion	(1,802)	(3,948)
Non-current portion	17,108	19,748
<b>4. Loans and borrowings</b>		
National Commercial Bank	32,320	33,364
Al Rajhi Bank	48,866	53,866
Saudi British Bank	18,705	21,785
Riyadh Bank	130,625	130,775
SAMBA	6,538	6,559
Saudi Industrial Development Fund (SIDF)	28,357	28,357
Ministry of Finance (MoF)	34,442	36,443
<b>Loan and borrowing – total</b>	<b>299,853</b>	<b>311,149</b>
<b>Loans and borrowings – current</b>	<b>(103,000)</b>	<b>(103,000)</b>
<b>Loans and borrowings – non current</b>	<b>196,853</b>	<b>208,149</b>

During the period ended June 30, 2021, there has been non-compliance of certain covenants on outstanding loans and borrowings with various banks. Subsequent to period end, the management is awaiting final approval for restructuring credit facilities by the banks (except SIDF and MoF - under negotiation). Accordingly, as at June 30, 2021, the management did not reclassified non-current portion of loans and borrowings to current portion. Therefore, the non-current portion of loans and borrowings will not be called as at period end.



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**4. Loans and borrowings (Continued)**

**4.1. Saudi Industrial Development Fund**

During 2012, the Group obtained a long term loan amount of SR 53 million from Saudi Industrial Development Fund (SIDF). The first installment was due in February 2013 followed by semi-annual installment. This loan is guaranteed by a mortgage over all the property and equipment of the Jeddah industrial yarn plant and the loan is for the purpose of financing the expansion of the Jeddah industrial yarn factory and rug factories. The loan agreement involves certain covenants including the maintenance of certain financial ratios and maintenance of a minimum level of tangible solvency and minimum of liquidity.

**4.2. Ministry of Finance**

During the year 2019, the Company has obtained short term credit facilities from the Ministry of Finance in the form of interest free loan, amounting to SR 40 million, which could be used in payment of local and foreign suppliers' bills.

**5. Contingencies**

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

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Letter of credit	2,702	779

**6. Loss per share**

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

**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, 2021 (Unaudited)	December 31, 2020 (Audited)
Interest rate swap	94,500	1,831	2,716

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**8. Business sector information**

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

	For the three months period ended			For the 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>

  

	For three months period ended			For the six months period ended		
	June 30, 2020			June 30, 2020		
	Sales	Cost of sales	Total profit	Sales	Cost of sales	Total profit
Flooring	33,403	(32,944)	459	66,080	(63,122)	2,958
Non – flooring	3,575	(2,087)	1,488	13,931	(13,343)	588
	<u>36,978</u>	<u>(35,031)</u>	<u>1,947</u>	<u>80,011</u>	<u>(76,465)</u>	<u>3,546</u>

**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
Khalid Hamdan Al Sorayai Est.	Affiliates
Al Tadamon Al Awal Company	Affiliates
SNASCO Holding Investment Company	Affiliates
Al Raqi Real Estate Investment and Development Company	Affiliates
Al Hikma International For Real Estate Development Company	Affiliates
Others	Shareholders

**9.2. Significant transactions**

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Purchases	11,209	14,618
Sales	-	79
Management benefits	2,632	4,458
BOD remuneration and executive committees	720	1,550
Rent	1,035	2,153

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**9. Related parties transactions and balances (continued)**

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>9.3. Due to related parties</b>		
Saudi Company for Manufacturing Carpets Materials	9,675	4,939
Al Hikma International for Real Estate Development Company	4,278	10,105
Al Sorayai Industrial Investment Group	235	1,077
Al Raqi Real Estate Investment and Development Company	3,049	3,049
SNASCO Holding Investment Company	1,557	1,559
Mohammed Bin Nasser Al Sorayai.	-	359
Other	110	325
	<u>18,904</u>	<u>21,413</u>

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

	Arabian Calcium Carbonate Production Company*	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Capital	(1) 5,000	5,000	5,250
Long term payment	16,880	16,880	16,880
Proceed against long term payment	(408)	(408)	-
Long term payment - net	(2) 16,472	16,472	16,880
Group share of result			
Group share of result as at Jan 1,	(7,147)	(7,147)	(6,988)
Current period / year share of gain / (loss)	183	183	(409)
Group share of result	(3) (6,964)	(6,964)	(7,397)
Balance at the Jun 30, / Dec 31,	(1+2+3) 14,508	14,508	14,733

\*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, 2020. The management is not expecting any changes in the results of the audited financial statements for the year ended 2020, as there were no changes in the results of management accounts and subsequent audited financial statements of the said company for the year 2019.

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**11. Subsequent event**

In the opinion of the management, there have been no significant subsequent events since the period-end that require disclosure or adjustment in these Consolidated Financial Statements.

**11.1 Increase in share capital**

On September 28, 2020, the Board of Directors proposed to increase the share capital of Group by SR 150 million, through right issue of 15 million shares. This recommendation has been submitted to the concerned regulatory authorities on December 28, 2020. The Group has hired WASATAH CAPITAL as a financial advisor for this purpose.

**11.2 Re-scheduling of long term loans**

During the period ended June 30, 2021, there has been non-compliance of certain covenants on outstanding loans and borrowings with various banks. Subsequent to period end, the management is awaiting final approval for restructuring credit facilities by the banks (except SIDF and MOF - under negotiation). Accordingly as at June 30, 2021, the management did not reclassified non-current portion of loans and borrowings to current portion. Therefore the non-current portion of loans and borrowings will not be called as at period end. (refer note 4).

**12. Approval of financial statements**

The Board of Directors of the Group approved the interim unaudited condensed consolidated financial statements on Muharram 11, 1443H corresponding to August 19, 2021.