SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATIO
(SPIMACO - ADDWAEIH)

(A SAUDI JOINT STOCK COMPANY)

CONSOLIDTED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION (SPIMACO - ADDWAEIH)
(A SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020

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Independent Auditor's Report

To the Shareholders of

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION (SPIMACO - ADDWAEIH)

(A Saudi Joint Stock Company)

Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Consolidated Financial statement

Opinion

We have audited the consolidated financial statements of **Saudi Pharmaceutical Industries and Medical Appliances Corporation (SPIMACO - ADDWAEIH)** (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of profit or loss, statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Group's consolidated financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter regarding prior year adjustments

We draw attention to note 42 of these consolidated financial statements, which describes the adjustments in prior years due to errors. consequently, the retained earnings as at January 1, 2019, consolidated statement of financial position as at December 31, 2019 and consolidated statement of profit or loss and consolidated statement of comprehensive income for the year ended December 31, 2019, were restated to reflect the correction of these errors. Our opinion has not been modified with respect to this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The following is description of each key audit matter and how we addressed it during our audit.

Independent Auditor's Report (Continued)

To the Shareholders

Saudi Pharmaceutical Industries and Medical Appliances Corporation (SPIMACO - ADDWAEIH)

Key audit matters (Continued)

1- Revenue recognition

Key audit matter	*How the Key audit matter was addressed in our audit*
The Group recognized revenue of SR 1,559 million for the year ended December 31, 2020 (December 31, 2019: SR 1,487 million). The Group mainly manufactures medicines, medical supplies, and medical products related to medicines in addition to the medical services. Accordingly, revenues from sales and service arrangements are recognized based on a specific point in time or over a period of time. Revenue recognition is considered a key audit matter due to the risk associated with management's estimates and judgment regarding the revenue recognition and the estimation of contractual discounts and returns, as well as in view of the significance of revenue amount and the inherent risks.	Our audit procedures included among other: • Evaluating the appropriateness of the Group's accounting policies related to revenues, taking into consideration the requirements of the relevant international accounting standards. • Evaluate key contractual arrangements by referring to relevant documents and agreements with clients. • Evaluating the design and implementation of the group's controls, and testing their effectiveness in terms of revenue recognition, in accordance with the Group's policy. • Examining a sample of sales transactions made during the year, before and after the year end to assess whether revenue has been recognized in the proper accounting period along with supporting document. • Conducting analytical procedures and reconciliations between the various reports and examining any resulting material deviations. • Evaluate the adequacy of the Group's consolidated financial statements disclosures in line with the requirements of relevant International Financial Reporting Standards.
Refer to note 6 for the accounting policy and note 31 for related disclosures.	

2- Assessment of impairment in value of non-current assets

Key audit matter	*How the Key audit matter was addressed in our audit*
Non-current assets mainly comprise property, plant and equipment and assets under construction. The total of those assets amounted to SR 1,831 million as at December 31, 2020 (December 31, 2019: SR 1,725 million). The Group assesses, at each reporting date, whether there is any indication that the asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of value in use and fair value less costs to sell. We considered recoverability of property, plant and equipment and assets under construction as a key audit matter since the assessment requires from management to make judgments related to the assumptions and estimation of expected production levels and the estimates revenues, the useful life of assets, commodity prices and discount rates.	Our audit procedures included among others matters: • Assessed the assumptions and estimation applied by the management when calculating the recoverable amount of the property, plant and equipment and assets under construction, including those related to production, expected revenues, useful life of assets, commodity prices and discount rates. • Ensuring the correctness of the cash flows used in impairment assessment and matching the relevant financial information with the approved budgets. • The involvement of our valuation specialists in reviewing the main assumptions used and evaluating the appropriateness of the applied discount rate. • Assessed the management mechanism in identifying internal and external indicators of impairment and testing for impairment.
Refer to note 6 for the accounting policy and note 7 for related disclosures.	

Independent Auditor's Report (Continued)

To the Shareholders
Saudi Pharmaceutical Industries and Medical Appliances Corporation (SPIMACO - ADDWAEIH)

Key audit matters (Continued)

3- Expected credit loss on trade receivables

Key audit matter	*How the Key audit matter was addressed in our audit*
The total balance of trade receivables amounted to SR 1,143 million as at December 31, 2020 (December 31, 2019: SR 1,117 million) against which the Group has established expected credit loss (ECL) allowances of SR 188 million as at December 31, 2020 (December 31, 2019: SR 207 million) in accordance with the requirements of IFRS 9, "Financial Instruments." Management has applied the simplified ECL approach to determine the allowance. The loss allowances for financial assets are based on assumptions related default risk and expected loss rates. The group uses judgment in making these assumptions and selecting inputs to calculate impairment, based on the Group's prior experience, current market conditions as well as future estimates at the end of each reporting period. We considered this a key audit matter due to the level of judgment applied and the estimates made in the ECL calculation.	Our audit procedures included, among others: • Evaluating the suitability of the Group's policy for determining the allowances for impairment with the requirements of the International Financial Reporting Standard (9) and related disclosures in the consolidated financial statements. • Evaluating the suitability of the expected credit loss model on related financial assets and its suitability to the requirements of the standard. • Obtaining an understanding of management's procedures in establishing the allowance and evaluating the design and implementation of controls in determining the ECL provision. • Verifying the main data sources and inputs used in the ECL model and evaluating the appropriateness of judgments and estimates that were used in the ECL calculation. • Obtaining the aging report for the trade receivables and making sure of its accuracy and its use in the calculation of the allowance. • We tested the mathematical accuracy of the ECL calculation. • Perform a sensitivity analysis of key assumptions such as historical loss rates and future economic factor.
Refer to note 6 for the accounting policy and note 16 for related disclosures.	

Other matter

The consolidated financial statements of the Group for the year ended December 31, 2019 were audited by another auditor who expressed a qualified opinion on the consolidated financial statements on March 31, 2020.

Independent Auditor's Report (Continued)

To the Shareholders
Saudi Pharmaceutical Industries and Medical Appliances Corporation (SPIMACO - ADDWAEIH)

Other information included in the Group's annual report for the year 2020
The other information consists of the information included in the Group's annual report for the year 2020, other than the consolidated financial statements and the auditor's report thereon. Management is responsible for the other information included in its annual report. It is expected that the annual report of the Group for the year 2020 will be available to us after the date of this report.
Our opinion on the consolidated financial statements does not cover this other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Those Charged with Governance ("TCWG") for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia, other standards and pronouncements issued by SOCPA and Regulations of Companies and the Company's Bylaws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report (Continued)

To the Shareholders
Saudi Pharmaceutical Industries and Medical Appliances Corporation (SPIMACO - ADDWAEIH)

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the management and TCWG regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide TCWG with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with TCWG, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Baker Tilly MKM & Co.
Certified Public Accountants

Majed Muneer Al Nemer
(Certified Public Accountant – License No. 381)

Riyadh on Sha'ban 10, 1442H
Corresponding to March 22, 2021G

بيكر تيلي م ك م وشركاه
محاسبون قانونيون
CPA
ترخيص ٣٢٣/١١/٤٧٩
License 323/11/479
BAKER TILLY
MKM & CO.

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION (SPIMACO - ADDWAEIH)
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

(SAUDI RIYALS)

	Note	December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)
ASSETS				
Non-current assets:				
Property, plant and equipment	7	**1,138,663,891**	999,831,023	723,983,952
Assets under construction	8	**692,066,130**	725,419,777	744,242,074
Intangible assets	9	**63,257,900**	80,679,510	103,193,379
Right of use assets	10	**16,337,884**	12,031,632	-
Investments at fair value through OCI	11	**-**	816,244,163	873,905,333
Investments in associates and joint venture	12	**80,409,122**	74,203,001	70,426,756
Deferred tax assets	13	**17,503,656**	23,724,209	16,301,282
Goodwill	14	**-**	-	137,698,760
Total Non-Current Assets		**2,008,238,583**	2,732,133,315	2,669,751,536
Current assets:				
Inventories	15	**458,060,227**	409,532,458	480,888,872
Trade and other receivables	16	**1,015,854,118**	965,663,211	1,132,893,878
Investments at fair value through OCI	11	**128,990,471**	-	-
Investments at fair value through profit or loss	17	**614,561,295**	27,832,013	13,105,159
Prepaid expenses and other assets	18	**123,004,616**	141,384,618	206,321,825
Cash and cash equivalents	19	**331,073,337**	378,972,848	267,300,520
Total current assets		**2,671,544,064**	1,923,385,148	2,100,510,254
Assets from discontinued operations	20	**3,007,889**	-	-
TOTAL ASSETS		**4,682,790,536**	4,655,518,463	4,770,261,790
EQUITY AND LIABILITIES				
EQUITY				
Share capital	21	**1,200,000,000**	1,200,000,000	1,200,000,000
Statutory reserve	22	**360,684,866**	360,684,866	360,684,866
General reserve		**150,000,000**	150,000,000	150,000,000
Consensual reserve	22	**41,751,842**	96,274,794	96,274,794
Fair value reserve	22	**57,649,689**	443,132,021	474,343,191
Foreign currency translation reserve		**(6,606,020)**	(20,554,196)	(23,050,875)
Retained earnings / (Accumulated losses)		**112,052,824**	(285,996,185)	295,483,484
Equity attributable to the owners of the parent:		**1,915,533,201**	1,943,541,300	2,553,735,460
Non-controlling interest	23	**155,429,857**	170,585,695	202,382,161
TOTAL EQUITY		**2,070,963,058**	2,114,126,995	2,756,117,621
Non-current liabilities:				
Loans and borrowings	24	**649,071,182**	663,858,141	479,117,977
Lease liabilities	10	**12,712,912**	7,965,544	-
Employees' end of service benefit obligations	25	**310,678,933**	311,450,683	297,211,448
Deferred income	26	**40,114,187**	40,642,215	17,796,616
Contract liabilities	27	**27,576,174**	17,500,202	4,291,224
Total Non-Current Liabilities		**1,040,153,388**	1,041,416,785	798,417,265
Current liabilities:				
Loans and borrowings	24	**686,534,743**	534,264,394	539,347,332
Provision for financial guarantees	28	**108,231,183**	108,530,430	-
Lease liabilities	10	**3,315,437**	3,692,015	-
Zakat and income tax payable	29	**39,657,892**	37,122,426	67,396,217
Trade payable and other liabilities	30	**471,825,928**	572,968,812	415,368,016
Dividends payable		**155,603,299**	154,578,580	152,705,449
Contract liabilities	27	**102,322,611**	88,818,026	40,909,890
		1,567,491,093	1,499,974,683	1,215,726,904
liabilities from discontinued operations	20	**4,182,997**	-	-
Total Liabilities		**2,611,827,478**	2,541,391,468	2,014,144,169
TOTAL EQUITY AND LIABILITIES		**4,682,790,536**	4,655,518,463	4,770,261,790

The accompanying notes form an integral part of these consolidated financial statements

Chief Financial Officer	**Chief Executive Officer**	**Chairman**

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION (SPIMACO - ADDWAEIH)
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2020

(SAUDI RIYALS)

	Note	2020	2019 (Restated)
Revenue	31	**1,559,477,028**	1,486,845,888
Cost of revenue		**(867,659,085)**	(989,209,382)
Gross profit		**691,817,943**	497,636,506
Selling and marketing expenses	32	**(320,184,826)**	(354,096,331)
General and administrative expenses	33	**(207,084,872)**	(210,141,433)
Research and development expenses	34	**(20,413,140)**	(13,501,723)
Impairment loss on trade receivables	16	**(1,475,224)**	(95,737,680)
Impairment loss of goodwill	14	**-**	(137,698,760)
Other income (expenses) - net	35	**10,514,696**	20,262,645
Operating profit / (loss)		**153,174,577**	(293,276,776)
Financial guarantee expenses		**299,247**	(108,530,431)
Finance cost	36	**(44,233,610)**	(53,643,173)
Gains from investments at fair value through profit or loss	17	**3,518,190**	726,854
Dividends income from investees	37	**7,002,450**	21,007,350
Profit/(loss) from investments in associates and joint venture	12	**38,212,917**	(14,260,768)
Profit / (loss) before zakat and income tax		**157,973,771**	(447,976,944)
Zakat and income tax	29	**(43,896,566)**	(29,936,135)
Net profit / (loss) for the year before discontinued operations		**114,077,205**	(477,913,079)
Discontinued operations			
Loss from discontinued operations	20	**(4,536,238)**	(6,124,977)
Net profit / (loss) for the year		**109,540,967**	(484,038,056)
Attributable to:			
Shareholders of the Parent Company		**124,787,295**	(439,741,550)
Non-controlling interests	23	**(15,246,328)**	(44,296,506)
		109,540,967	(484,038,056)
Earnings per share	38		
Basic & diluted		**1.04**	(3.66)

The accompanying notes form an integral part of these consolidated financial statements

Chief Financial Officer	**Chief Executive Officer**	**Chairman**

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION (SPIMACO - ADDWAEIH)
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020
(SAUDI RIYALS)

	Note	2020	2019 (Restated)
Net profit / (loss) for the year		**109,540,967**	(484,038,056)
Items that may be reclassified to profit or loss subsequently:			
Foreign currency translation differences		**13,948,176**	2,496,679
Items that will not be reclassified to profit or loss subsequently:			
Change from revaluation of the investments at FVOCI	22	**(107,760,385)**	(34,725,003)
Impairment in fair value of investments at FVOCI	11	-	(16,500,000)
Actuarial (loss) / gain on employees' end of service benefits	25	**1,657,640**	(2,009,251)
Share of other comprehensive income in equity-accounted associates and joint venture	12	**(550,335)**	280,326
Total other comprehensive loss for the year		**(92,704,904)**	(50,457,249)
Total comprehensive income / (loss) for the year		**16,836,063**	(534,495,305)
Attributable to:			
Shareholders of the Parent Company		**31,991,901**	(490,194,160)
Non-controlling interests		**(15,155,838)**	(44,301,145)
		16,836,063	(534,495,305)

The accompanying notes form an integral part of these consolidated financial statement

Chief Financial Officer **Chief Executive Officer** **Chairman**

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION (SPIMACO - ADDWAEIH)
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020
(SAUDI RIYALS)

	Share capital	Statutory reserve	General reserve	Consensual reserve	Fair value reserve	Foreign currency translation reserve	(Accumulated losses) / Retained Earnings	Total Equity attributable to the shareholders	Non-controlling interests	Total equity
Balance as at January 1, 2019 (Restated)	1,200,000,000	360,684,866	150,000,000	96,274,794	474,343,191	(23,050,875)	295,483,484	2,553,735,460	202,382,161	2,756,117,621
Net loss for the year (Restated)	-	-	-	-	-	-	(439,741,550)	(439,741,550)	(44,296,506)	(484,038,056)
Other comprehensive loss for the year	-	-	-	-	(34,725,003)	2,496,679	(18,224,286)	(50,452,610)	(4,639)	(50,457,249)
Total comprehensive Loss (Restated)					(34,725,003)	2,496,679	(457,965,836)	(490,194,160)	(44,301,145)	(534,495,305)
Disposal of investments at FVOCI	-	-	-	-	3,513,833	-	(3,513,833)	-	-	-
Dividends	-	-	-	-	-	-	(120,000,000)	(120,000,000)	-	(120,000,000)
Changes in non-controlling interest	-	-	-	-	-	-	-	-	12,504,679	12,504,679
Balance as at 31 December 2019 (Restated)	1,200,000,000	360,684,866	150,000,000	96,274,794	443,132,021	(20,554,196)	(285,996,185)	1,943,541,300	170,585,695	2,114,126,995
Profit for the year	-	-	-	-	-	-	**124,787,295**	**124,787,295**	**(15,246,328)**	**109,540,967**
Other comprehensive loss	-	-	-	-	**(107,760,385)**	**13,948,176**	**1,016,815**	**(92,795,394)**	**90,490**	**(92,704,904)**
Total comprehensive Income					**(107,760,385)**	**13,948,176**	**125,804,110**	**31,991,901**	**(15,155,838)**	**16,836,063**
Transfer from fair value reserve due to disposal of investments in fair value through FVOCI	-	-	-	-	**(277,721,947)**	-	**277,721,947**	-	-	-
Transfer to consensual reserve	-	-	-	**5,477,048**	-	-	**(5,477,048)**	-	-	-
Dividends	-	-	-	**(60,000,000)**	-	-	-	**(60,000,000)**	-	**(60,000,000)**
Balance as at 31 December 2020	**1,200,000,000**	**360,684,866**	**150,000,000**	**41,751,842**	**57,649,689**	**(6,606,020)**	**112,052,824**	**1,915,533,201**	**155,429,857**	**2,070,963,058**

The accompanying notes form an integral part of these consolidated financial statement

Chief Financial Officer | **Chief Executive Officer** | **Chairman**

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION (SPIMACO - ADDWAEIH)
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(SAUDI RIYALS)

	2020	2019 (Restated)
Cash flows from operating activities:		
Profit / (loss) before zakat and income tax	157,973,771	(447,976,944)
Loss from discontinued operations before zakat	(2,865,889)	(4,382,752)
	155,107,882	(452,359,696)
Adjustments to reconcile (loss) / profit before zakat and tax to net cash flow:		
Depreciation of property, plant and equipment	57,718,375	68,045,873
Depreciation on right of use assets	3,906,728	6,160,330
Amortization of intangible assets	25,793,589	27,667,177
Dividend income on investments	(7,002,450)	(21,007,350)
Intangible assets written off	2,388,460	2,511,834
Share of (gain) / loss from equity-accounted associate and joint venture	(38,212,917)	14,260,768
Gain on disposal of property, plant and equipment	-	(2,038,217)
Provision for sales/services discounts and returns	23,580,557	61,117,114
Provision for slow-moving inventories or nearly expired	(4,180,898)	19,071,008
Profit on investments – FVPL	(3,518,190)	(726,854)
Impairment of goodwill	-	137,698,760
Impairment loss on trade receivables	1,475,224	95,737,680
End of service benefits cost incurred	32,334,240	35,484,453
Amortization of deferred income	(3,210,270)	(2,037,206)
(reversal) / Provision of financial guarantees	(299,247)	108,530,430
Finance cost	44,233,610	53,643,173
	290,114,693	151,759,277
Working capital changes:		
Trade and other receivables	(51,666,131)	58,284,009
Inventories	(44,346,871)	52,285,406
Prepayments and other assets	18,380,002	64,937,207
Trade payable and other liabilities	(105,852,876)	157,600,797
Cash generated from operating activities	106,628,817	484,866,696
Finance cost paid	(26,731,311)	(34,090,266)
Zakat and income tax paid	(30,079,843)	(61,880,955)
Employees' end of service benefit obligations paid	(40,081,984)	(36,572,672)
Net cash generated from operating activities	9,735,679	352,322,803

The accompanying notes form an integral part of these consolidated financial statement

Chief Financial Officer **Chief Executive Officer** **Chairman**

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION (SPIMACO - ADDWAEIH)
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(SAUDI RIYALS)

	2020	2019 (Restated)
Cash flows from investing activities:		
Purchase of property, plant and equipment	**(49,826,410)**	(40,634,064)
Additions to right of use asset	**(8,212,980)**	(18,191,962)
Net changes in assets under construction	**(114,926,330)**	(285,682,318)
Additions to intangible assets	**(10,395,244)**	(7,631,845)
Proceeds from disposal of property, plant, and equipment	**2,033,161**	-
Dividend income from joint venture	**33,586,443**	19,147,249
Additional investment made in equity-accounted associate and joint venture	**(2,129,982)**	(36,903,936)
Addition made to Investment through FVPL	**(593,211,092)**	(20,000,000)
Proceeds from sale of investment through FVPL	**10,000,000**	6,000,000
Dividend received on investments	**7,002,450**	21,007,350
Proceeds from sale of investments	**579,493,307**	6,436,167
Net cash used in investing activities	**(146,586,677)**	(356,453,359)
Cash flows from financing activities:		
Net changes in loans and borrowings	**131,557,198**	184,904,231
Additions to lease liabilities	**7,991,143**	16,904,564
Lease liabilities obligation	**(4,400,890)**	(10,494,010)
Dividends paid	**(58,975,281)**	(118,126,869)
Changes in non-controlling interest	**-**	12,504,679
Changes in contract liabilities	**-**	13,208,978
Government grant received	**2,682,242**	22,845,599
Net cash flows generated from financing activities	**78,854,412**	121,747,172
Net changes in cash and cash equivalents during the year	**(57,996,586)**	117,616,616
Cash and cash equivalents at the beginning of the year	**378,972,848**	267,300,520
Foreign exchange translation	**13,104,964**	(5,944,288)
Cash and cash equivalents at the end of the year	**334,081,226**	378,972,848
Non-cash transactions		
Transfers from assets under construction to property, plant and equipment	**148,133,016**	304,323,756
Addition to right of use assets	**(8,212,979)**	(18,191,962)
Change from revaluation of investments at FVOCI	**(107,760,385)**	(34,725,003)

The accompanying notes form an integral part of these consolidated financial statement

Chief Financial Officer **Chief Executive Officer** **Chairman**

(SAUDI RIYALS)

1. ORGANAIZATION AND ACTIVITY

Saudi Pharmaceutical Industries and Medical Appliances Corporation (the "Company" or "Parent Company) is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration number 1131006650 dated Rajab 6, 1406H (corresponding to March 16, 1986) and formed according to the Ministerial Resolution No. 884 dated Jumada Al-Awwal 10, 1406H (corresponding to January 21, 1986). These consolidated financial statements ("financial statements") comprise the holding Company and its subsidiaries (together referred to as the "Group").

The Company's headquarters is located in Buraidah - King Abdul Aziz Road - Qassim Industrial City.

The Group is primarily involved in manufacturing of basic chemical substances and products, medicines for human use including cosmetics, pharmaceutical production and wholesale and retail of medicines and related products, development and marketing of medicinal and pharmaceutical products, research and development in medical science activities, operating and maintaining the healthcare facilities and any investments in related industries, inside and outside the Kingdom of Saudi Arabia.

The Company operates through following branches in the Kingdom of Saudi Arabia.

Branch Commercial Registration No.	Date of registration	Location
1010134224	02/11/1415H	Riyadh
4030086146	12/09/1412H	Jeddah
2051058378	15/10/1435H	Khobar
4031222626	05/06/1440H	Makkah
4650207091	05/06/1440H	Medina

1.1 Subsidiaries

			Percentage of ownership		
Name of subsidiary	**Principal activities**	**Country of incorporation**	**December 31, 2020**	December 31, 2019	January 1, 2019
ARAC Healthcare Company (ARAC)	Pharmaceutical products distributor	Saudi Arabia	**100%**	100%	100%
Pharmaceutical Industries Company for Distribution (*)	Pharmaceutical products distributor	Saudi Arabia	**100%**	100%	100%
ARACOM Medical Company	Pharmaceutical products distributor	Saudi Arabia	**100%**	100%	100%
AL-WATAN Arabian Pharmaceutical Industries (**)	Pharmaceutical manufacturer	Saudi Arabia	**100%**	100%	100%
ANORA Trading Company	Pharmacy - retail	Saudi Arabia	**99%**	99%	99%
Dammam Pharmaceutical Company	Pharmaceutical manufacturer	Saudi Arabia	**85%**	85%	85%
Qassim Medical Service Company	Healthcare services provider	Saudi Arabia	**57.2%**	57.2%	57.2%
SPIMACO Saudi Foundation – Algeria	Pharmaceutical products distributor	Algeria	**100%**	100%	100%
SPIMACO Misr Company for Marketing (*)	Pharmaceutical products marketing	Egypt	**100%**	100%	100%
SPIMACO Misr Company for Distribution (*)	Pharmaceutical products distributor	Egypt	**100%**	100%	100%
SPIMACO Egypt Company	Pharmaceutical products distributor	Egypt	**100%**	100%	100%
SPIMACO Misr for Pharmaceutical industries	Pharmaceutical manufacturer	Egypt	**51.6%**	51.6%	51.6%
SPIMACO Morocco for Pharmaceutical Industries	Pharmaceutical manufacturer	Morocco	**70.6%**	70.6%	62.7%
SPIMACO ILAJ (*)	Pharmaceutical products distributor	Turkey	**100%**	100%	100%

(*) There has been no activity in these subsidiaries as they yet to start their operations.

(SAUDI RIYALS)

1. ORGANAIZATION AND ACTIVITY (CONTINUED)

1.1 Subsidiaries (Continued)

(**) The Saudi Pharmaceutical Industries and Medical Appliances Corporation, in accordance with the partners' decision that took place on September 16, 2020 in AL-WATAN Arabian Pharmaceutical Industries ("Al-Watan Pharma") (a subsidiary Limited Liability Company), to voluntarily liquidate and appointed a legal liquidator for the Company in accordance with the Article 205 of the Saudi Company's laws and granting him all the necessary powers to complete the liquidation process. It was previously announced on Tadawul website on Rajab 5, 1439H corresponding to March 22, 2018 that the share capital of Watan Pharma will be increased from SR 100 million to SR 150 million for the purpose of increasing the company's activities and joining of a third partner. However, the procedures for increasing the share capital in the Ministry of Commerce were not completed due to the inability to completely provide the regulatory documents related to joining of the third partner. SPIMACO will produce some of the subsidiary's products from the Corporation's factory in Al Qassim and there is no financial impact from the liquidation of Al-Watan Pharma since the Company did not start its commercial activity, does not have capital projects, and its financial results for the previous years have been reflected in the consolidated financial statements of the Group. The Group stopped consolidating the financial statements of AL-WATAN Arabian Pharmaceutical Industries ("Al-Watan Pharma") in accordance with what is stated in Note (20) to these consolidated financial statements.

1.2 Associates and joint venture

			Percentage of ownership%		
Name	**Principal activities**	**Country of incorporation**	**December 31, 2020**	December 31, 2019	January 1, 2019
Arabian Medical Products Manufacturing Company (ENAYAH)	Manufacturing of healthcare products	Saudi Arabia	**51%**	51%	51%
CAD Middle East Pharmaceutical Company	Active Pharmaceutical Ingredients manufacturing	Saudi Arabia	**46.08%**	46.08%	46.08%
Tassili Arab Pharmaceutical Company – TAPHCO Algeria	Pharmaceutical manufacturer	Algeria	**22%**	22%	22%

2. STATEMENT OF COMPLIANCE WITH IFRS

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), issued by the International Accounting Standards Board (IASB) as endorsed by Saudi Organization for Certified Public Accountants ("SOCPA").

3. BASIS OF PREPARATION

3.1 Overall considerations

These consolidated financial statements have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies.

The principal accounting policies adopted in the preparation of these consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in compliance IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing these consolidated financial statements and their effect are disclosed in note 4.

3. BASIS OF PREPARATION (CONTINUED)

3.1 Overall considerations (Continued)

These financial statements have been prepared on the historical cost basis, except for the following:

- Trade receivables at amortised cost;
- Financial instruments - FVOCI;
- Financial instruments - FVTPL;
- Murabaha loan at amortised cost;
- Government loan at amortised cost;
- Government granted land at fair value;
- Defined benefits plan is measured at the present value of future obligations using the Projected Unit Credit Method; and
- Investment in associates and joint ventures using the equity method accounting

Furthermore, these financial statements are prepared using the accrual basis of accounting and the going concern basis.

3.2 Functional and presentation currency

The financial statements are presented in Saudi Riyal, which is the Group's functional and presentation currency.

3.3 Basis of consolidation of financial statements

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries subject to control, set out in Note (1-1) till the December 31 from each year.

Specifically, the Group controls an investee if, and only if, the Group has:

- Control over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its direct involvement and relationship with the investee;
- The ability to use its power over the investee to affect its returns.

The Group performs a re-evaluation to ascertain whether or not it exercises control over the investee Company, when facts and circumstances indicate that there is a change in one or more of the elements of control mentioned above.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of the investee, the Group considers all relevant facts and circumstances in assessing whether it has power or control over the investee, including:

- The contractual arrangement (or arrangements) with the other voting rights holders within the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those followed by the Group.

All assets, liabilities, equity, revenues, expenses and cash flows related to intercompany transactions are completely eliminated upon consolidation of the consolidated financial statements.

3. BASIS OF PREPARATION (CONTINUED)

3.4 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred upon business combination is measured at fair value at the acquisition date of the assets transferred by the Group, the liabilities that the Group incurs to the previous owners of the acquiring Company, and any equity rights issued by the Group in exchange for control of the acquiring Company. The costs related to the acquisition are recognized in profit or loss.

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. In the subsequent period recognition and initial measurement, the goodwill is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units. If the recoverable amount of the cash-generating unit is less than the unit's carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to other assets. Goodwill is not reversed in subsequent periods.

4. USE OF JUDGEMENT AND ESTIMATES

The Group makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

A- Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amount recognized in the consolidated financial statements is included in the following notes:

Determining whether the Group or component of the Group is acting as an agent or principal
Principles of IFRS 15 “Revenue from contracts with customers” are applied by identifying each specified (i.e. distinct) good or service promised to the customer in the contract and evaluating whether the entity under consideration obtains control of the specified good or service before it is transferred to the customer. This assessment requires significant judgment based on specific facts and circumstances.

Consolidation
When the Group has de-facto control over an investee.

Joint arrangements
The group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The group classifies its interests in joint arrangements as either:

- Joint ventures: where the group has rights to only the net assets of the joint arrangement
- Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement
- The legal form of joint arrangements structured through a separate vehicle
- The contractual terms of the joint arrangement agreement
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as equity-accounted investments (i.e. using the equity method).

4. USE OF JUDGEMENT AND ESTIMATES (CONTINUED)

Impairment of trade receivable

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The allowance for expected credit losses on trade receivables is estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Trade accounts receivable are normally assessed collectively unless there is a need to assess a particular debtor on an individual basis.

Leases

Lease liabilities are determined by calculating the present value of the lease payments using an appropriate discount rate. The Group uses the effective commission rate to calculate the present value of lease payments, which represents the long-term incremental borrowing rate.

B- Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the year ended December 31, 2020 are as follows:

Revenue recognition

Amounts recorded for revenue deductions can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. The methodology and assumptions used to estimate rebates, rejection rates, volume discounts, and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, experience, and projected market conditions.

Useful lives and residual values of property and equipment and intangible assets

An estimate of the useful lives and residual values of property and equipment and intangible assets is made to calculate depreciation and amortization respectively. These estimates are made based on the expected useful lives of relevant assets. Residual value is determined based on experience and observable data where available.

The useful lives and residual values of the Group's assets are determined by management based on technical evaluation at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

Incremental borrowing rate used to measure lease liabilities

The determination of the incremental borrowing rate used to measure lease liabilities.

Employees' benefits

Employee defined benefit liabilities are determined using an actuarial valuation which requires estimates to be made of the various inputs.

Estimate of Zakat, current and deferred income taxes

The Group's zakat and tax charge on ordinary activities is the sum of the total zakat, current and deferred tax charges. The calculation of the Group's zakat and total taxes charge involves a degree of estimation and judgment in respect of certain items whose treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

4. USE OF JUDGEMENT AND ESTIMATES (CONTINUED)

B- Assumptions and estimation uncertainties (Continued)

Estimate of Zakat, current and deferred income taxes (Continued)

The final resolution of some of these items may give rise to material profits / (losses) and/or cash flows. The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

Impairment of non-financial assets

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate to calculate the present value of those cash flows. In the process of measuring expected future cash flow management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Group's assets within the next financial year.

Recognition and measurement of provisions

Key assumptions about the likelihood and magnitude of an outflow of resources.

liquidation of subsidiary

Fair value of the agreed consideration (including contingent consideration) and fair value of the assets disposed, and liabilities released, measured on a provisional basis.

5. APPLICATION OF NEW AND REVISED IFRS'S

5.1 New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2020, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Revised 'Conceptual Framework for Financial Reporting'.
- Amendments to IFRS 3 Business Combinations to clarify the definition of a business.
- Amendments to IFRS 7 Financial Instruments: Disclosures and IFRS 9 Financial Instruments regarding pre-replacement issues in the context of the IBOR reform.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding the definition of material.
- Amendments to IFRS 16 Leases provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

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5. APPLICATION OF NEW AND REVISED IFRS'S

5.2 New and revised IFRSs in issue but not yet effective and not early adopted

The Group has not yet early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely
Amendments to IAS 1 *Presentation of Financial Statements* regarding the classification of liabilities.	1 January 2023
IFRS 17 *Insurance Contracts* establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.	1 January 2023
Amendments IFRS 3 *Business Combination* updating a reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 *Property, Plant and Equipment* prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	1 January 2022
Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* regarding the costs to include when assessing whether a contract is onerous	1 January 2022
Amendments to IFRS 4 *Insurance Contracts,* IFRS 7 F*inancial Instruments: Disclosures*, IFRS 9 *Financial Instruments* and IFRS 16 *Leases* regarding replacement issues in the context of the IBOR reform	1 January 2021
Annual Improvements to IFRS 2018 – 2020 Cycle amending IFRS 1, IFRS 9, IFRS 16 and IAS 41.	1 January 2022

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

Assets are current when they are:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period or;
- Cash and cash equivalents unless restricted from being exchanged or used to settle any liabilities for at least twelve months after the reporting period. All other assets are classified as "non-current".

All liabilities are determined to be current when:

- They are expected to be settled in the normal operating cycle;
- Are held primarily for the purpose of trading;
- Are due to be settled within twelve months after the reporting period or;
- There is no unconditional right to defer the settlement of the liabilities for at least twelve months after the reporting period.
- The Group classifies all other liabilities as "non-current".

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation, and any accumulated impairment losses. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment. All other repair and maintenance costs are recognized in the income statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Description	Depreciation rate
Buildings	2% to 3 %
Plant and machinery	4% to 10 %
Furniture and fixtures	10%
Office equipment and computers	25%
Vehicle	25%

The residual values, useful lives, and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Assets under construction

Assets under construction are stated at cost and not depreciated. Depreciation on assets under construction commences when the assets are ready for their intended use. When assets are ready for their intended use, they are transferred to property, plant and equipment or intangible assets. Finance costs on borrowings to finance the construction of qualified assets are capitalized during the period that is required to complete and prepare the asset for its intended use.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition.
Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in the statement of profit or loss when it is incurred.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (Continued)

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Intangible assets including technologies, software, brand name, and customers' list, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

The significant intangible assets recognized by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	**Useful economic life**
Technologies	7 years
Brand name	7 years
Customers list	7 years
Software	7 -8 years
Licenses	8 years

Right of use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Investments in fair value through other comprehensive income

The Group has several strategic investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets.

They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserves. Upon disposal, any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in associates and joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group’s investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group’s share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group’s share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group’s OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate and joint venture are eliminated to the extent of the interest in the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the loss as impairment loss of an associate and a joint venture’ in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss.

Inventories

Inventories are included in the financial statements at the lower of cost (including raw materials, direct labour, other direct costs and related production overheads) and net realizable value with due allowance for any obsolete or slow-moving items, near to expiry products and damages as per Group’s policy. The cost of raw materials, consumables, spare parts, and finished goods is determined on a weightage average cost method.

Trade receivables

Trade receivables are carried at original invoice amount less impairment losses at an amount equal to the lifetime ECLs. When an account receivable is uncollectible, it is written-off against the impairment losses. Any subsequent recoveries of amounts previously written off are credited against “Impairment losses on trade and other receivables” in the consolidated statement of profit or loss. Refer to note 4.B for impairment of financial assets of these financial statements.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks, cash in hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Foreign currency translation reserve

Foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries of the Company and whose functional currencies are different from the Company's functional currency.

Dividend payments

The Group recognizes a liability to make cash or non-cash distributions to owners of equity when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the Companies Regulations, a distribution is authorized when it is approved by the shareholders.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity.

Upon settlement of the distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in profit or loss.

Borrowings and murabaha financing

Borrowings and Murabaha financing are initially recognized at the fair value (being proceeds received), net of eligible transaction costs incurred, if any. Subsequent to initial recognition, long-term borrowings and Murabaha financing are measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of profit or loss over the year of the borrowings using the Effective Interest Rate ("EIR") method. Fees paid on loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fees are deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalized as prepayments for liquidity services and amortised over the year of the facilities to which it relates.

Borrowings and Murabaha financing are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings and Murabaha financing are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the date of the preparation of the financial statements.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period to get ready for its intended use or sale, are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

<u>Lease contracts</u>

The Group assesses whether a contract contains a lease, at the inception of the contract. For all such lease arrangements the Group recognize right of use assets and lease liabilities except for the short term leases and leases of low-value assets as follows:

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease contracts (Continued)

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of land and buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Employees' end of service benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.
Obligations for contributions to defined contribution plans are expensed as the related service is provided of the employee. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plan

The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding finance expense) and the effect of the asset ceiling (if any, excluding finance expense) are recognized immediately in other comprehensive income. The Group determines the net finance expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net finance expense and other expenses related to defined benefit plans are recognized in statement of profit or loss.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Defined benefit plan (Continued)

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in the benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employees' benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognized in profit or loss in the period in which they arise.

Government grants (Deferred revenue)

Government grants including non-monetary grants at fair value received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue expenditure are netted against the cost incurred by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the consolidated statement of profit or loss or netted against the asset purchased.

Non-monetary asset, such as land or other resources, is assessed for the fair value of the non-monetary asset and accounted for both grant and asset at that fair value.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the market rate, the effect of this favorable interest is regarded as a government grant.

Provisions and contingent liabilities

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided as provision.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Zakat and income tax

The Company and its Saudi Arabian subsidiaries are subject to zakat in accordance with the regulations of the General Authority of Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia. Any differences between the provision and the final assessment are recorded at the approval of the final assessment when the provision is closed. The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law. The foreign subsidiaries are subject to tax regulations in their countries of incorporation. Zakat and foreign subsidiaries' income tax are charged in profit or loss.

Current tax

The current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. The current tax also includes any tax arising from dividends.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group can control the timing of the reversal of the temporary differences and, probably, they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that future taxable profits will probably be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from how the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Payables and accruals

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

Revenue

The Group receives revenue from the sales of goods to customers against orders received. The majority of contracts that the Company enters into relating to sales orders containing single performance obligation (PO) for the delivery of pharmaceutical and consumer healthcare products. The average duration of a sales order is less than 12 months.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Product revenue

Product revenue is recognised when control of the goods is passed to the customer. The point at which control passes is determined by each customer arrangement, but generally occurs on delivery to the customer.

Product revenue represents net invoice value including fixed and variable consideration. Variable consideration arises on the sale of goods as a result of discounts and allowances given and accruals for estimated future returns and rebates. Revenue is not recognised in full until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, experience, and projected market conditions. Once the uncertainty associated with the returns and rebates is resolved, revenue is adjusted accordingly.

A contract liability is recognized for expected returns, rebates and volume discounts in relation to sales made until the end of the reporting period.

Value-added tax and other sales taxes are excluded from revenue.

Contract manufacturing services revenue

The Groups has arrangements with some licensors to do primary and secondary packaging as well as distribution on the behalf of licensors. Revenue under such arrangements is recognized to the extent that the services agreed in the contract with licensors have been rendered.

Distribution services revenue

Revenue is recognised when control of the goods is passed on to the customer after their distribution.

Principal versus Agent considerations

The Group has carried out a comprehensive reassessment of these arrangements to determine whether the Group is acting as a principal or an agent when delivering goods to a customer as this will impact whether revenue is recognized on a gross or net basis.

The Group considered factors like having primary responsibility to provide the goods, assuming inventory risk, and having the ability to establish prices. Where such indicators are met the Group is considered acting as a principal and therefore, sales transactions related to the above are recorded on a gross basis.

Rendering of clinical services

Revenue from services primarily comprises fees charged for inpatient and outpatient hospital services, net of any discount or rebates and expected rejections at the time of providing services to the patients. These include charges for accommodation, theatre, medical professional services, equipment, radiology, and laboratory. These services are sold either separately or bundled together with the sale of medicines and related products to a customer. The Group concluded that revenue from bundled services will be recognized over time.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividend income

Dividend income is recognised in the profit and loss when the Group's right to receive the payment is established which is generally when the shareholders approve the dividend.

Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in other income in the consolidated statement of profit or loss.

Finance income and finance costs

The Group's finance income and finance costs include:

- Murabaha income on Sharia Compliant facilities and profit margin on other facilities;
- Murabaha charges on Sharia Compliant facilities and finance cost on other facilities;
- Finance cost on lease liabilities: and
- Finance cost for on loan from Saudi Industrial Development Fund ("SIDF")

Murabaha income/expense on Sharia Compliant facilities and profit margin/finance cost on other facilities is recognized using the effective interest method in the consolidated statement of profit loss.

Finance cost on SIDF is recognised using the market interest rate in the consolidated statement of profit loss.

Cost of revenue

Cost of revenue includes direct costs of sales, including costs of materials, contract services, and overheads directly attributable to revenue.

Selling, marketing, general and administrative expenses

Selling, marketing, general and administrative and other expenses include direct and indirect costs not specifically part of the cost of revenues. Allocations between cost of revenue and other operating expenses are made consistently when required.

Research and development cost

Development cost is capitalized when the following criteria for recognizing an asset is met:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group can sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within the cost of revenue in the consolidated statement of profit or loss.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of profit or loss as incurred.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when the fair value was determined.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Saudi Riyals at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Saudi Riyal at the exchange rates at the dates of the transactions.
Foreign currency differences are recognized in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interest (NCI).

Impairment testing of non-financial assets

Disclosures relating to impairment of non-financial assets are summarized in the following notes:

- Accounting policy disclosures
- Disclosures for significant assumptions and estimation uncertainties
- Property and equipment
- Capital work-in-progress
- Intangible assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.
These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment testing of non-financial assets (Continued)

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such an indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Financial Instruments

A- Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

Investment at fair value through profit or loss

Financial assets are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of profit or loss in the finance income or expense line.

Amortized cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognized based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognized within cost of sales in the statement of profit or loss. On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off against the associated provision.

The Group's financial assets measured at amortized cost comprise trade receivables, other assets, and cash and cash equivalents in the statement of consolidated financial position.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to trade receivables and other assets are presented separately in the statement of profit or loss account.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (Continued)

B- Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Group's accounting policy for each category is as follows:

Investment at fair value through profit or loss

Financial liabilities fair valued through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss account. The Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Interest-bearing liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Loans and borrowings, lease liabilities, contract liabilities, Accounts and other payables and other short-term monetary liabilities, which are initially recognized at fair value and subsequently carried at amortised cost using the effective interest method.

De-recognition

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(SAUDI RIYALS)

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and Machinery	Furniture and fixtures	Office equipment and computers	Vehicles	Total
COST :							
As at January 1, 2019	122,040,598	476,977,356	676,101,362	160,516,564	32,223,496	19,114,195	1,486,973,571
Additions during the year	-	18,665,716	12,837,917	4,508,154	2,010,880	2,611,397	40,634,064
Transferred from assets under construction (note 8)	-	201,699,505	92,894,904	7,819,380	1,351,635	558,332	304,323,756
Disposals	-	(1,287,079)	(16,804,248)	(179,018)	(52,280)	(521,371)	(18,843,996)
Effect of foreign currency translation	5,621	216,373	(546,109)	7,085	257,891	(39,191)	(98,330)
As at December 31, 2019	122,046,219	696,271,871	764,483,826	172,672,165	35,791,622	21,723,362	1,812,989,065
Additions during the year	**-**	**15,492,585**	**29,079,563**	**2,536,923**	**1,836,387**	**880,952**	**49,826,410**
Transferred from assets under construction (note 8)	**-**	**65,867,001**	**75,874,608**	**5,509,628**	**881,779**	**-**	**148,133,016**
Disposals	**-**	**(1,136,000)**	**(4,098,650)**	**(1,065,040)**	**(6,881)**	**(3,110,922)**	**(9,417,493)**
Effect of foreign currency translation	**228,058**	**465,439**	**874,184**	**(296,726)**	**320,187**	**14,129**	**1,605,271**
As at December 31, 2020	**122,274,277**	**776,960,896**	**866,213,531**	**179,356,950**	**38,823,094**	**19,507,521**	**2,003,136,269**
ACCUMULATED DEPRECIATION :							
As at January 1, 2019	-	204,195,468	410,480,631	109,421,305	24,743,587	14,148,628	762,989,619
Charge for the year	-	13,352,944	39,477,663	8,277,510	4,409,085	2,528,671	68,045,873
Disposals	-	(1,287,079)	(16,425,526)	(104,569)	(21,146)	(366,163)	(18,204,483)
Effect of foreign currency translation	-	27,382	33,951	2,176	261,070	2,454	327,033
As at December 31, 2019	-	216,288,715	433,566,719	117,596,422	29,392,596	16,313,590	813,158,042
Charge for the year	**-**	**17,615,731**	**26,887,418**	**7,941,073**	**3,157,652**	**2,116,501**	**57,718,375**
Disposals	**-**	**-**	**(4,098,650)**	**(1,043,216)**	**(313)**	**(2,242,153)**	**(7,384,332)**
Effect of foreign currency translation	**-**	**226,862**	**748,505**	**(299,941)**	**300,480**	**4,387**	**980,293**
As December 31, 2020	**-**	**234,131,308**	**457,103,992**	**124,194,338**	**32,850,415**	**16,192,325**	**864,472,378**
NET BOOK VALUE :							
December 31, 2020	**122,274,277**	**542,829,588**	**409,109,539**	**55,162,612**	**5,972,679**	**3,315,196**	**1,138,663,891**
December 31, 2019	122,046,219	479,983,156	330,917,107	55,075,743	6,399,026	5,409,772	999,831,023
January 1, 2019	122,040,598	272,781,888	265,620,731	51,095,259	7,479,909	4,965,567	723,983,952

In 1992, the Governorate of Buraydah granted a plot of land with zero consideration to QMSC to construct and operate the hospital. As per the grant deed, this land is conditional for the construction and operation of the hospital only. In the event of liquidation of QMSC or the closure of the hospital operations, the land will be transferred back to the Governorate of Buraydah without any compensation. The grant deed also provides the renewal option after every 20 years without any additional charge. The Company recorded the land at fair value, determined by an independent valuer amounting to SR 31 million, with the corresponding effect in deferred income as a government grant, which is being amortized over the term of the grant deed.

Management determined that there is no impairment in the carrying amount of the Group’s property, plant and equipment as at December 31, 2020 (December 31, 2019: SR nil and January 1, 2019: SR nil).

(SAUDI RIYALS)

8. ASSETS UNDER CONSTRUCTION

	December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)
Property, plant and equipment	**672,488,298**	708,227,746	736,505,603
Intangible assets	**19,577,832**	17,192,031	7,736,471
	692,066,130	725,419,777	744,242,074

Movement of assets under construction

	December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)
Opening balance	**725,419,777**	744,242,074	513,840,564
Additions during the year	**134,562,667**	285,682,318	203,587,929
Reclassified from property, plant and equipment	**-**	-	26,813,581
Transfer to property, plant and equipment (Refer note 7)	**(148,133,016)**	(304,323,756)	-
Disposals	**(19,636,337)**		-
Effect of foreign currencies translation	**(146,961)**	(180,859)	-
Closing balance	**692,066,130**	725,419,777	744,242,074

Movement of assets under construction- Intangible assets

	December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)
Opening balance	**17,192,031**	7,736,471	-
Additions during the year	**2,385,801**	9,455,560	7,736,471
Closing balance	**19,577,832**	17,192,031	7,736,471

9. INTANGIBLE ASSETS

	Brand name, list of clients, and technologies	**Licenses**	**Programs**	**Total**
Cost:				
As at January 1, 2019	**144,394,454**	86,719,531	32,137,206	263,251,191
Additions during the year	-	7,631,845	-	7,631,845
Disposals	-	(72,546,732)	(475,715)	(73,022,447)
Effect of foreign currency translation	-	-	33,297	33,297
As at December 31, 2019	**144,394,454**	21,804,644	31,694,788	197,893,886
Additions during the year	**-**	**216,007**	**10,179,237**	**10,395,244**
Disposals	**-**	**(20,196,341)**	**(2,438,063)**	**(22,634,404)**
Effect of foreign currency translation	**-**	**-**	**365,195**	**365,195**
As at December 31, 2020	**144,394,454**	**1,824,310**	**39,801,157**	**186,019,921**
Accumulated amortization and impairment:				
As at January 1, 2019	58,460,583	86,273,756	15,323,473	160,057,812
Charge for the year	20,707,501	341,443	6,618,233	27,667,177
Written off	-	(66,562,016)	(3,948,597)	(70,510,613)
As at December 31, 2019	79,168,084	20,053,183	17,993,109	117,214,376
Charge for the year	**20,707,501**	**417,746**	**4,668,342**	**25,793,589**
Written off	-	**(20,196,341)**	**(49,603)**	**(20,245,944)**
Net book value	**99,875,585**	**274,588**	**22,611,848**	**122,762,021**
As at December 31, 2020	**44,518,869**	**1,549,722**	**17,189,309**	**63,257,900**
As at December 31, 2019	65,226,370	1,751,461	13,701,679	80,679,510
As at January 1, 2019	85,933,871	445,775	16,813,733	103,193,379

(SAUDI RIYALS)

10. RIGHT OF USE ASSETS AND LEASE LIABILITY

The following is the net book value for right of use assets and lease liability of the group and transactions during the year 2020:

	Right of use	**Lease liability**
Cost		
As at January 1, 2020	**12,031,632**	**11,657,559**
Additions during the year	**8,212,979**	**7,991,143**
Depreciation	**(3,906,728)**	**-**
Interest expense	**-**	**780,537**
Payments / Accrued	**-**	**(4,400,890)**
December 31, 2020	**16,337,884**	**16,028,349**
Less:Current portion		**(3,315,437)**
Non-current portion		**12,712,912**

The following is the net book value for right of use assets and lease liability of the group and transactions during the year 2019:

	Right of use	Lease liability
As at January 1, 2019	18,191,962	16,904,564
Depreciation	(6,160,330)	-
Interest expense	-	5,247,005
Payments / Accrued	-	(10,494,010)
December 31, 2019	12,031,632	11,657,559
Current portion		(3,692,015)
Non-current portion		7,965,544

11. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2020	December 31, 2019	January 1, 2019
		(Restated)	(Restated)
Opening balance	**816,244,163**	873,905,333	1,023,354,665
Changes in fair value during the year	**(385,679,425)**	(51,225,003)	44,921,234
Disposals during the year	**(301,574,267)**	(6,436,167)	(194,370,566)
Closing balance	**128,990,471**	816,244,163	873,905,333
Current portion	**128,990,471**	-	-
Non-current portion	**-**	816,244,163	873,905,333

(SAUDI RIYALS)

11. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

Portfolio of equity investments through FVOCI

	December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)
Cost			
National Industrialization Company (TASNEE)	**71,340,782**	265,741,242	265,741,242
Arabian Industrial Fibers Company (IBN RUSHD)	**-**	-	16,500,000
Saudi Industrial Investment Group (SIIG)	**-**	107,370,900	107,370,900
	71,340,782	373,112,142	389,612,142
Mutual fund			
Investment in mutual fund - Riyadh Equity Fund 2	**-**	-	9,950,000
	71,340,782	373,112,142	399,562,142
Unrealized gain on investments	**57,649,689**	443,132,021	474,343,191
	128,990,471	816,244,163	873,905,333

On disposal of equity investments measured at FVOCI, the accumulated fair value reserve of disposed of investments is reclassified from the fair value reserve to retained earnings. Investment in a equity share of TASNEE & SIIG with a fair value were disposed of during the year and the cumulative gain on these investment were SR. 277.7 million. (December 31, 2019: cumulative loss SR 3.53 million).

12. INVESTMENTS IN EQUITY AND JOINT VENTURES

	December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)
Arabian Medical Products Manufacturing Company (ENAYAH) - Joint Venture	**80,409,122**	73,983,918	68,757,962
Tassili Arab Pharmaceutical Company (TAPHCO) Algeria –Associate	**-**	219,083	1,668,794
	80,409,122	74,203,001	70,426,756

The movement of the investments is as follows:

	December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)
Opening balance	**74,203,001**	70,426,756	65,268,211
Additions during the year	**2,129,982**	36,903,936	20,708,370
Dividends	**(33,586,443)**	(19,147,249)	(8,922,770)
Share of profit / (loss) during the year	**38,212,917**	(14,260,768)	(6,402,607)
Share of OCI during the year	**(550,335)**	280,326	(224,448)
Closing balance	**80,409,122**	74,203,001	70,426,756

(SAUDI RIYALS)

12. INVESTMENTS IN EQUITY-ACCOUNTED ASSOCIATES AND JOINT VENTURES

Share of profit / (loss) in investments in accounted associates and joint ventures

	December 31, 2020	December 31, 2019
Arabian Medical Products Manufacturing Company (ENAYAH)	**40,561,982**	24,092,881
CAD Middle East Pharmaceutical Company (CAD)	**(2,129,982)**	(36,903,938)
Tassili Arab Pharmaceutical Company (TAPHCO)	**(219,083)**	(1,449,711)
	38,212,917	(14,260,768)

13. DEFERRED TAX ASSETS

	December 31, 2020	December 31, 2019	January 1, 2019
		(Restated)	(Restated)
Balance at beginning of the year	**23,724,209**	16,301,282	16,029,766
Charge during the year	**(6,220,553)**	7,422,927	271,516
	17,503,656	23,724,209	16,301,282

Deferred tax assets resulted from the temporary differences from the below items and after applying the tax rate applicable in relevant subsidiaries' jurisdictions.

	December 31, 2020	December 31, 2019	January 1, 2019
		(Restated)	(Restated)
Deductible temporary difference			
Provision of expected credit losses	**1,396,060**	5,952,445	3,979,106
Provision for slow-moving inventory	**316,417**	206,585	20,490
Provisions - sales discounts and sales returns	**1,396,548**	2,203,264	1,643,555
Provision for financial guarantee	**4,435,314**	4,553,572	-
Provision for employee benefits	**9,349,040**	9,724,459	9,840,592
Deferred income	**939,406**	1,719,671	-
Depreciation of property, plant and equipment	**(329,128)**	(635,787)	817,539
	17,503,656	23,724,209	16,301,282

14. GOODWILL

	December 31, 2020	December 31, 2019	January 1, 2019
		(Restated)	(Restated)
Opening balance	**-**	137,698,760	137,698,760
Impairment during the year	**-**	(137,698,760)	-
Closing balance	**-**	-	137,698,760

Goodwill relates to the Group's acquisition of SPIMACO Misr Pharmaceutical Industries ("SMPI") in 2015, and Qassim Medical Services Company ("QMSC") in 2016.

During the year ended December 31, 2019, the Company carried out purchase price allocation (PPA) exercise on both subsidiaries which resulted in a change in the carrying value of net assets and reported goodwill.

During the year ended December 31, 2019, the management performed the impairment assessment of the above goodwill which resulted in an impairment due to negative cash flows based on projected losses in future periods. The recoverable amounts of the above subsidiaries have been determined from the value in use calculations based on cash flow projections covering five years to December 31, 2024. Consequently, an impairment of SR 9.7 million related to SMPI and SR 128 million related to QMSC accounted for in these consolidated financial statements.

(SAUDI RIYALS)

15. INVENTORIES

	December 31, 2020	December 31, 2019	January 1, 2019
		(Restated)	(Restated)
Raw materials	**156,122,511**	140,515,295	167,705,160
Work in progress	**21,286,703**	21,023,610	48,044,912
Finished goods	**272,962,035**	226,380,399	245,826,802
Goods in transit	**10,428,131**	27,939,605	8,333,657
Stores and spares	**21,717,341**	22,310,941	20,544,725
	482,516,721	438,169,850	490,455,256
Less: Provision for slow-moving and near expiry	**(24,456,494)**	(28,637,392)	(9,566,384)
	458,060,227	409,532,458	480,888,872

Movement of provision for slow-moving and near expiry inventories

	December 31, 2020	December 31, 2019	January 1, 2019
		(Restated)	(Restated)
Opening balance	**28,637,392**	9,566,384	500,000
Provision for the year	**(4,180,898)**	19,071,008	9,066,384
Closing balance	**24,456,494**	28,637,392	9,566,384

16. TRADE AND OTHER RECEIVABLES

	December 31, 2020	December 31, 2019	January 1, 2019
		(Restated)	(Restated)
Trade receivables	**1,142,747,011**	1,116,772,282	1,165,157,757
Less: Impairment loss	**(188,310,642)**	(207,075,132)	(111,337,452)
	954,436,369	909,697,150	1,053,820,305
Due from associates and joint venture (note 39)	**61,417,749**	55,966,061	79,073,573
	1,015,854,118	965,663,211	1,132,893,878

Ageing analysis of trade receivables past due but not impaired is as follows:

	December 31, 2020	December 31, 2019	January 1, 2019
Up to 3 months	**367,494,335**	423,175,555	311,169,876
3 to 6 months	**60,772,220**	139,316,174	332,078,796
6 to 12 months	**301,773,036**	333,876,208	217,848,220
Over 1 year	**412,707,420**	220,404,345	304,060,865
	1,142,747,011	1,116,772,282	1,165,157,757

(SAUDI RIYALS)

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

Impairment loss movement of trade receivables:

	Specific impairment	Impairment loss	Total
Balance as at January 1, 2019	30,248,416	81,089,036	111,337,452
Impairment loss for the year	11,947,540	83,790,140	95,737,680
Balance as at December 31, 2019	42,195,956	164,879,176	207,075,132
Impairment loss for the year	-	1,475,224	1,475,224
Reversal of impairment for the year	-	(20,239,714)	(20,239,714)
Balance as at December 31, 2020	42,195,956	146,114,686	188,310,642

17. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2020	December 31, 2019 (Restated)
Opening balance	**27,832,013**	13,105,159
Additions during the year	**593,211,092**	20,000,000
Profit for the year	**3,518,190**	726,854
Disposals during the year	**(10,000,000)**	(6,000,000)
Closing balance	**614,561,295**	27,832,013

18. PREPAYMENTS AND OTHER ASSETS

	December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)
VAT refundable	**36,609,694**	1,995,780	6,569,447
Advances to suppliers	**31,407,628**	66,736,074	77,736,704
Due from employees	**18,815,438**	38,258,659	40,322,829
Prepaid insurance and other expenses	**18,601,655**	15,466,897	42,847,509
Due from distributors and agents	**12,117,471**	3,572,078	3,554,357
Zakat and income tax advance payment	**1,110,276**	190,850	18,868,553
Dividends	**-**	10,503,675	10,503,675
Others	**4,342,454**	4,660,605	5,918,751
	123,004,616	141,384,618	206,321,825

* These represents advance against salaries and other short-term loans given to employees as per Company policy which are deductible from employees' salaries on monthly basis or from end services benefits in the case of end of service contract.

19. CASH AND CASH EQUIVALENTS

	December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)
Cash in hand	**174,587**	107,635	1,820,439
Cash at banks	**219,713,173**	255,225,588	167,134,444
Short term deposits *	**111,185,577**	123,639,625	98,345,637
	331,073,337	378,972,848	267,300,520

* This represents short term Murabaha deposits held with various banks with profit margin ranging from 0.15% to 1.9% (December 31, 2019: 1.5% to 1.9% and January 1, 2019: 1.5%) with a maturity of less than 3 months.

(SAUDI RIYALS)

19. CASH AND CASH EQUIVALENTS (CONTINUED)

For the purposes of preparing the consolidated statement of cash flows, total cash and cash equivalents consist of the following:

	December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)
Total cash and cash equivalents	**331,073,337**	378,972,848	267,300,520
cash and cash equivalents from discontinued operations	**3,007,889**	-	-
	334,081,226	378,972,848	267,300,520

20. DISCONTINUED OPERATIONS

The Saudi Pharmaceutical Industries and Medical Appliances Corporation, in accordance with the partners' decision that took place on September 16, 2020 in AL-WATAN Arabian Pharmaceutical Industries ("Al-Watan Pharma") (a subsidiary Limited Liability Company), to voluntarily liquidate and appointed a legal liquidator for the Company in accordance with the Article 205 of the Saudi Company's laws and granting him all the necessary powers to complete the liquidation process. Accordingly, the Group has not affects this subsidiary in its consolidated financial statements. Hence, AL-WATAN Arabian Pharmaceutical Industries ("Al-Watan Pharma") was classified as a discontinued operation in the previous period. The results of the operations of AL-WATAN Arabian Pharmaceutical Industries ("Al-Watan Pharma") for the current and previous period have been presented in the consolidated statement of profit or loss as follows:

	December 31, 2020	December 31, 2019
Revenue	**-**	1,032,928
Cost of revenue	**-**	(860,773)
Gross profit	**-**	172,155
General and administrative expenses	**(2,986,094)**	(4,745,528)
Research and development expenses	**-**	(1,032,051)
Operating profit / (loss)	**(2,986,094)**	(5,605,424)
Term deposit income	**120,205**	1,222,672
Loss before zakat	**(2,865,889)**	(4,382,752)
Zakat	**(1,670,349)**	(1,742,225)
Net loss for the year from discontinued operations	**(4,536,238)**	(6,124,977)

The following is the statement of the main classes of assets and liabilities of AL-WATAN Arabian Pharmaceutical Industries ("Al-Watan Pharma") as discontinued operations:

	December 31, 2020
Assets	
Cash and cash equivalents	**3,007,889**
Assets from discontinued operation	**3,007,889**
Liabilities	
Accrued expenses	**161,219**
Zakat provision	**1,859,842**
Employees' end of service benefits	**2,161,936**
Non-current portion	**4,182,997**

(SAUDI RIYALS)

20. DISCONTINUED OPERATIONS(CONTINUED)

The following is the statement of cash flows incurred by AL-WATAN Arabian Pharmaceutical Industries ("Al-Watan Pharma"):

	December 31, 2020	December 31, 2019
Operating activities	**(28,954,392)**	31,703,407
Investing activities	**-**	(55,074)
Financing activities	**-**	(50,000,000)
Net changes in cash and cash equivalents during the period	**(28,954,392)**	(18,351,667)
Earnings per share		
Basic & diluted	**(0.04)**	(0.05)

During the current year, there was no impairment in the carrying value of the assets directly related to the discontinued operations.

21. SHARE CAPITAL

	December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)
Share capital issued and fully paid @ SR 10 each	**1,200,000,000**	1,200,000,000	1,200,000,000

Percentage of shareholding

	December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)
Saudi Shareholding	**79.51%**	79.51%	79.51%
Non-Saudi Shareholding-Arab Company for Drug Industries and Medical Appliances - Jordan	**20.49%**	20.49%	20.49%

22. FAIR VALUE RESERVE

22.1 STATUTORY RESERVE

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Group transfers 10% of its net profits for the year to the statutory reserve until this reserve reaches 30%.

22.2 CONSENSUAL RESERVE

In accordance with the provisions of the Company's Articles of Association, it transfers 5% of the net annual income to the consensual reserve until this reserve reaches 25% of the Capital. The General Assembly shall determine the purposes for the use of this reserve. The board of directors of the company recommended in its meeting held on March 31, 2020, to distribute cash dividends to the shareholders of the company for the year ended on December 31, 2019 amounting to SR 60,000,000. This recommendation was approved by the company's general assembly convened on May 14, 2020. Dividends were credited to the consensual reserve account due to the unavailability of retained earnings.

22.3 FAIR VALUE RESERVE

The fair value reserve includes gains and losses from movements in fair value of the Group's investments at FVOCI, and this is stated as follows:

	December 31, 2020	December 31, 2019 (Restated)
Opening balance	**443,132,021**	474,343,191
Changes of fair value during the year	**(107,760,385)**	(34,725,003)
Transferred to retained earnings on disposal	**(277,721,947)**	3,513,833
Closing balance	**57,649,689**	443,132,021

22.4 Dividends

During year 2020, based on the approval of the general assembly of the company to distribute dividends amounting to SR 60,000,000. (2019: SR 120,000,000).

(SAUDI RIYALS)

23. NON-CONTROLLING INTERESTS (NCI)

The following table summarizes the information relating to each of the Group's subsidiaries that have NCI:

December 31, 2020	Dammam pharmaceutical Company	Qassim medical services Company	Anora Pharmacy Company	SPIMACO Egypt for Pharmaceuticals	SPIMACO Morocco for Pharmaceuticals	Total
NCI percentage	15%	42.8%	1%	48.4%	29.4%	
Non-current assets	249,487,158	156,446,329	1,635,398	65,501,162	174,368,021	647,438,068
Current assets	10,549,468	128,449,235	3,151,916	8,194,583	60,417,789	210,762,991
Non-current liabilities	(52,738,927)	(29,249,498)	(1,174,995)	-	(62,931,320)	(146,094,740)
Current liabilities	(86,719,494)	(37,702,935)	(6,612,664)	(35,252,952)	(84,739,337)	(251,027,382)
Net assets	120,578,205	217,943,131	(3,000,345)	38,442,793	87,115,153	461,078,937
Net assets attributable to NCI	18,086,733	93,220,815	(30,004)	18,584,015	25,568,298	155,429,857
Revenue	42,987,742	93,940,755	4,190,545	7,214,605	20,504,956	168,838,603
Loss	(25,794,098)	(671,093)	(728,277)	(21,096,051)	(3,014,076)	(51,303,595)
Other comprehensive income /(loss)	(1,547,724)	761,825	(320,509)	-	-	(1,106,408)
Total comprehensive income / (loss)	(27,341,822)	90,732	(1,048,786)	(21,096,051)	(3,014,076)	(52,410,003)
Profit allocated to NCI	(3,869,115)	(287,046)	(7,283)	(10,198,253)	(884,631)	(15,246,328)
Other comprehensive income / (loss) allocated to NCI	(232,159)	325,854	(3,205)	-	-	90,490
Cash flows from operating activities	(21,437,573)	1,766,939	50,844	2,131,528	575,829	(16,912,433)
Cash flows from investment activities	(1,504,181)	(6,536,444)	-	(581,337)	(6,267,087)	(14,889,049)
Cash flows from financing activities	(9,019,631)	(2,798,500)	-	(1,733,957)	(12,340,024)	(25,892,112)
Net increase / (decrease) in cash and cash equivalents	(31,961,385)	(7,568,005)	50,844	(183,766)	(18,031,282)	(57,693,594)

(SAUDI RIYALS)

23. NON-CONTROLLING INTERESTS (NCI) (CONTINUED)

The following table summarizes the information relating to each of the Group's subsidiaries that have NCI.

December 31, 2019 (Restated)	Dammam pharmaceutical Company	Qassim medical services Company	Anora Pharmacy Company	SPIMACO Egypt for Pharmaceuticals	SPIMACO Morocco for Pharmaceuticals	Total
NCI percentage	15%	42.8%	1%	48.4%	29.4%	
Non-current assets	254,346,968	203,646,849	2,230,708	72,275,528	153,663,185	686,163,238
Current assets	69,273,615	67,626,857	2,499,751	12,300,718	52,113,533	203,814,474
Non-current liabilities	(89,670,667)	(31,039,272)	(2,714,701)	(11,344,269)	(48,988,644)	(183,757,553)
Current liabilities	(86,029,889)	(22,402,010)	(3,967,317)	(22,621,563)	(51,898,105)	(186,918,884)
Net assets	147,920,027	217,832,424	(1,951,559)	50,610,414	104,889,969	519,301,275
Net assets attributable to NCI	22,188,004	93,166,928	(19,516)	24,465,074	30,785,205	170,585,695
Revenue	17,726,229	77,867,940	2,746,489	7,939,126	-	106,279,784
Profit / (loss)	(74,672,253)	(11,718,238)	1,103,972	(29,000,327)	(47,865,728)	(162,152,574)
Other comprehensive income /(loss)	(322,572)	102,274	-	-	-	(220,298)
Total comprehensive income / (loss)	(74,994,825)	(11,615,964)	1,103,972	(29,000,327)	(47,865,728)	(162,372,872)
Profit allocated to NCI	(11,200,839)	(5,011,893)	(16,425)	(14,018,758)	(14,048,591)	(44,296,506)
Other comprehensive income / (loss) allocated to NCI	(48,386)	43,747	-	-	-	(4,639)
Cash flows from operating activities	(8,902,592)	35,669,230	2,534,335	(28,901,133)	(45,781,840)	(45,382,000)
Cash flows from investment activities	(20,080,718)	(24,698,253)	(2,518,043)	(17,909,957)	(71,978,526)	(137,185,497)
Cash flows from financing activities	60,266,439	(1,474,483)	-	33,753,865	48,929,033	141,474,854
Net increase / (decrease) in cash and cash equivalents	31,283,129	9,496,494	16,292	(13,057,225)	(68,831,333)	(41,092,643)

(SAUDI RIYALS)

23. NON-CONTROLLING INTERESTS (NCI) (CONTINUED)

The following table summarizes the information relating to each of the Group's subsidiaries that have NCI.

January 1, 2019 (Restated)	Dammam pharmaceutical Company	Qassim medical services Company	Anora Pharmacy Company	SPIMACO Egypt for Pharmaceuticals	SPIMACO Morocco for Pharmaceuticals	Total
NCI percentage	15%	42.8%	1%	48.4%	29.4%	
Non-current assets	240,139,181	186,366,727	-	88,654,642	121,688,509	636,849,059
Current assets	53,497,939	68,864,210	s-	29,195,626	75,473,400	227,031,175
Non-current liabilities	(107,290,170)	(33,582,523)	-	-	(6,508,311)	(147,381,004)
Current liabilities	(61,209,983)	(17,375,019)	-	(21,618,810)	(21,230,777)	(121,434,589)
Net assets	125,136,967	204,273,395	-	96,231,458	169,422,821	595,064,641
Net assets attributable to NCI	18,770,545	87,367,731	-	46,518,287	49,725,598	202,382,161
Revenue	24,256,233	93,064,320	-	4,799,355	17,588,481	139,708,389
Profit / (loss)	2,830,468	(24,010,844)	-	(19,688,670)	(11,669,765)	(52,538,811)
Other comprehensive income /(loss)	(70,992)	2,498,024	-	-	-	2,427,032
Total comprehensive income / (loss)	2,759,476	(21,512,820)	-	(19,688,670)	(11,669,765)	(50,111,779)
Profit allocated to NCI	424,570	(10,269,343)	-	(9,517,503)	(3,425,076)	(22,787,352)
Other comprehensive income / (loss) allocated to NCI	(10,649)	1,068,480	-	-	-	1,057,831
Cash flows from operating activities	(4,595,510)	(30,338,448)	-	1,776,431	(15,447,877)	(48,605,404)
Cash flows from investment activities	(12,013,075)	17,783,469	-	(402,872)	(40,131,918)	(34,764,396)
Cash flows from financing activities	(8,282,230)	(2,281,000)	-	1,921,877	8,120,156	(521,197)
Net increase / (decrease) in cash and cash equivalents	(24,890,815)	(14,835,979)	-	3,295,436	(47,459,639)	(83,890,997)

24. LOANS AND BORROWINGS

	December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)
Current			
Islamic financing (Murabaha)	**197,462,563**	151,583,730	156,666,668
Government loans	**218,901,751**	24,900,550	24,900,550
Short term loans	**270,170,429**	357,780,114	357,780,114
	686,534,743	534,264,394	539,347,332
Non-current			
Islamic financing (Murabaha)	**399,259,720**	609,758,141	425,017,977
Government Loans	**249,811,462**	54,100,000	54,100,000
	649,071,182	663,858,141	479,117,977

The Company has Murabaha finance contract of SR 1,660 million, with a local bank to finance the working capital needs and operations' expansion of the Company. The Murabaha contract is in Saudi Riyals and bears mark up ranging from SIBOR + 1% to 1.25%. The loan volume of Murabaha finance used by the Company is SR 730 million as at December 31, 2020 (December 31, 2019: SR 611.7 million and January 1, 2019: SR 858.3 million). The unused portion of the total financing contract is SR 300 million as at December 31, 2020 (December 31, 2019: SR 1,048.3 million and January 1, 2019: SR 801.7 million). The loan is repayable in quarterly instalments for 5 years after a grace period of two years. A promissory note was signed by the Company for the financing bank.

On January 7, 2019, the Company obtained a loan from Saudi Industrial Development Fund ("SIDF") amounting to SR 258 million. The Company obtained this loan to finance the expansion of its manufacturing facility. This loan is repayable in semi-annual instalments for 5 years.

On October 31, 2019, the Company obtained another loan from SIDF amounting to 150 million to finance the working capital requirements. The loan is repayable after two years in full.

During the year ended December 31, 2016, a subsidiary of the Company signed an Islamic financing contract with a local bank amounting to SR 90 million. The contract is in Saudi Riyals and bears mark up of SIBOR+1.5%. This loan is repayable in semi-annually instalments for years. The loan is aimed to finance the construction of the manufacturing facility. The loan is secured against the corporate guarantee undertaken by the Company.

During the year ended December 31, 2018, a foreign subsidiary of the Company obtained long term loans equivalent to SR 27 million and SR 21 million from two local banks in the country of its incorporation and bear mark-up rates of 4.62% and 4.66% respectively. These loans are repayable in quarterly instalments for 10 and 2 years respectively. The loans were obtained to finance the working capital needs and operations' expansion. This loan is secured against the land and buildings of the foreign subsidiary.

During the year ended December 31, 2016, a subsidiary of the Company obtained a loan from SIDF amounting to SR 54.1 million for the construction of a plant. This loan is repayable in semi-annual instalments for 10 years. This loan is secured against all the assets related to the plant and a guarantee undertaken by the Company.

During the year ended December 31, 2020, the Group capitalized finance charges amounting to SR 10.4 million (December 31, 2019: SR 8.6 million, January 1, 2019; SR 4.45 million).

The covenants of some credit facilities require the Group to maintain a certain level of financial indicators and some other requirements.

(SAUDI RIYALS)

25. EMPLOYEES' END OF SERVICE BENEFITS

	December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)
Net defined benefit liability	**310,678,933**	311,450,683	297,211,448

The Group is committed to the following post-employment defined benefit plan:

In the Kingdom of Saudi Arabia, the plan entitles an employee who completed over two but less than five years of service, to receive a payment equal to one-third of their final salary for each completed year of service. Similarly, an employee who completed over five but less than ten years of service, to receive a payment equal to two-thirds of their final salary for each completed year of service. Further, an employee who completed over ten years of service, to receive a payment equal to their final salary for each completed year of service.

Movement in net defined benefit liability

	December 31, 2020	December 31, 2019 (Restated)
As at January 1	**311,450,683**	297,211,448
Included in profit or loss		
Current service cost	**32,334,240**	35,484,453
Finance expense	**10,795,570**	13,318,203
	43,129,810	48,802,656
Included in other comprehensive income		
Actuarial gain / (loss)	**(1,657,640)**	2,009,251
Benefits paid	**(40,081,984)**	(36,572,672)
Transfer to discontinued operations	**(2,161,936)**	-
As at December 31	**310,678,933**	311,450,683

Actuarial assumptions on defined benefit liability

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)
Discount rate	**3% p.a.**	3.50% p.a.	4.78% p.a.
Future salary growth	**3% p.a.**	3.50% p.a.	4.50% p.a.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	December 31, 2020	December 31, 2019 (Restated)
INCREASE		
Discount rate (1% movement)	**270,387,278**	272,476,331
Future salary growth (1% movement)	**344,652,510**	356,578,176
DECREASE		
Discount rate (1% movement)	**345,285,153**	355,406,603
Future salary growth (1% movement)	**270,224,895**	270,867,721

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(SAUDI RIYALS)

26. DEFERRED INCOME

	December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)
Government grant - Land	**15,519,075**	16,178,740	17,796,616
Government grant – SIDF loan	**24,595,112**	24,463,475	-
	40,114,187	40,642,215	17,796,616

27. CONTRACT LIABILITIES

	December 31, 2020	December 31, 2019	January 1, 2019
Current liabilities		(Restated)	(Restated)
Sales discounts:			
Opening balance	**42,309,045**	34,817,626	35,605,399
Discounts provision against sales	**164,121,913**	121,325,136	111,808,823
Actual discounts adjusted during the year	**(141,306,819)**	(113,833,717)	(112,596,596)
Closing balance	**65,124,139**	42,309,045	34,817,626
Sales returns:			
Opening balance	**46,508,981**	6,092,264	11,706,806
Charge / (reversal) for the year	**(9,310,509)**	40,416,717	(5,614,542)
Closing balance	**37,198,472**	46,508,981	6,092,264
Contract liabilities - Current	**102,322,611**	88,818,026	40,909,890
Contract liabilities - Non-current*	**27,576,174**	17,500,202	4,291,224

During the year 2019, the Group has changed its basis of sales returns estimate from 0.3% to 5%, which has resulted in an increase in the provision by SR 26 million.

* This relates to an advance received from AstraZeneca UK Limited per investment agreement dated June 2018.

28. FINANCIAL GUARANTEE PROVISION

The Company provided a financial guarantee against loans issued by financial institutions to its associate, CAD Middle East Pharmaceutical Company (CAD). CAD is in continuous losses for the past few years and facing significant liquidity difficulties in discharging its financial liabilities. The Company’s share of the outstanding balance of the total loan amount is SR 108 million and the Company has recorded the provision for the same amount in these consolidated financial statements.

29. ZAKAT AND INCOME TAX PAYABLE

Provision for zakat

	December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)
As at January 1	**31,538,446**	56,505,704	57,361,616
Zakat charge for the year	**36,226,844**	36,913,697	30,621,553
Prior year adjustment	-	-	(426,363)
Zakat paid during the year	**(26,109,328)**	(61,880,955)	(31,051,102)
Transfer to discontinued operation	**(1,859,842)**	-	-
As at December 31	**39,796,120**	31,538,446	56,505,704

(SAUDI RIYALS)

29. ZAKAT AND INCOME TAX PAYABLE (CONTINUED)

Provision for income tax

	December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)
As at January 1	**5,583,980**	10,890,513	28,343,415
Tax charge for the year	**3,689,159**	2,187,587	6,290,208
Returned from foreign partner	**(5,440,852)**	(7,494,120)	(11,846,303)
Tax paid during the year	**(3,970,515)**	-	(11,896,807)
As at December 31	**(138,228)**	5,583,980	10,890,513
Provision for zakat and income tax	**39,657,892**	37,122,426	67,396,217

Zakat and income tax

	December 31, 2020	December 31, 2019 (Restated)
Zakat charge for the year	**36,226,844**	36,913,698
Transfer to discontinued operations – Note 20	**(1,670,349)**	(1,742,225)
Income tax charge	**3,689,159**	2,187,587
Deferred tax	**5,650,912**	(7,422,927)
	43,896,566	29,936,135

Provision for zakat and income tax

Zakat expenses are calculated based on net adjusted income or zakat base, whichever is higher according to the regulations of the General Authority for Zakat and Tax (“GAZT”) in the Kingdom of Saudi Arabia. Income tax on foreign subsidiaries are calculated as per each respective country’s tax laws.

The Company and its subsidiaries are subject to zakat per the regulations of GAZT. The provision of zakat is calculated as per the zakat base prepared based on the consolidated financial statements of the Company and its subsidiaries directly or indirectly owned by the Group. The calculated zakat provision is then distributed between the Company and its subsidiaries. Any differences between the provision and the final assessment are recorded at the approval of the final assessment when the provision is closed.

Status of zakat and income tax assessments

The group has submitted zakat / tax returns to the General Authority for Zakat and Income till the year 2019. The Company has obtained the final zakat certificates for all the years up to 2019.

All subsidiaries are filing zakat and/or income tax returns regularly as per their country of incorporation regulations and no dispute requires any additional provisions.

(SAUDI RIYALS)

30. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	December 31, 2020	December 31, 2019	January 1, 2019
		(Restated)	(Restated)
Trade payables	**345,985,940**	403,775,275	272,334,132
Due from employees	**78,666,488**	105,029,014	62,494,558
Accrued expenses	**24,379,748**	26,852,034	34,327,437
Excess subscriptions	**12,642,412**	12,642,412	12,642,412
Withholding tax	**5,844,413**	-	-
VAT payable	**1,085,492**	289,324	-
Others	**3,221,435**	4,380,754	13,569,478
	471,825,928	552,968,812	395,368,016
Due to a related party	**-**	20,000,000	20,000,000
	471,825,928	572,968,812	415,368,016

31. REVENUE

	December 31, 2020	December 31, 2019
Product sales (net of rebates, discounts, allowances and returns)	**1,446,320,495**	1,397,280,914
Clinical services	**92,635,660**	77,867,940
Distribution services	**14,246,544**	5,933,855
Manufacturing services contract	**6,274,329**	5,763,179
	1,559,477,028	1,486,845,888

32. SELLING AND MARKETING EXPENSES

	December 31, 2020	December 31, 2019
Employees' salaries and benefits	**233,205,490**	231,533,271
Advertising and promotions	**35,976,668**	71,252,456
Freight	**8,720,589**	6,272,135
Depreciation and amortization	**7,386,355**	7,792,118
Travel and training	**7,131,827**	10,989,775
Legal and professional fees	**6,448,963**	5,129,368
Library expenses	**4,291,973**	5,605,332
Utilities	**3,884,991**	3,486,466
Insurance	**3,404,505**	3,237,718
Communications	**3,371,339**	1,353,404
Distribution expenses	**2,346,268**	-
Commission	**1,689,704**	2,226,628
Repair and maintenance	**653,409**	1,220,496
Bank charges	**231,947**	300,743
Hospitality	**231,160**	1,039,088
Stationery	**183,167**	219,208
Rent	**185,940**	1,173,723
Others	**840,531**	1,264,402
	320,184,826	354,096,331

(SAUDI RIYALS)

33. GENERAL AND ADMINISTRATIVE EXPENSES

	December 31, 2020	December 31, 2019
Employees' salaries and benefits	**131,561,079**	129,857,260
Depreciation and amortization	**26,917,071**	21,677,493
Legal and professional fees	**12,060,612**	13,412,732
Utilities	**7,392,090**	10,234,185
Board of Directors expenses	**5,421,335**	10,067,738
Repairs and maintenance	**4,438,223**	5,644,138
Communications	**3,083,632**	2,100,144
Product registration	**2,798,745**	2,370,840
Travel and training	**2,441,946**	6,825,799
Donations and public relations expenses	**1,700,792**	1,943,720
Stationery	**1,678,004**	844,820
Rent	**1,397,273**	37,097
Expenses related to Board of Directors	**804,749**	790,290
Insurance	**721,032**	885,155
Bank charges	**222,591**	280,930
Others	**4,445,698**	3,169,092
	207,084,872	210,141,433

34. RESEARCH AND DEVELOPMENT EXPENSES

	December 31, 2020	December 31, 2019
Employees' salaries and benefits	**1,700,419**	3,315,849
Depreciation and amortization	**5,275,927**	5,420,918
Write off researches	**5,106,351**	-
Clinical trials	**4,042,151**	1,876,033
Product registration	**2,292,604**	-
Laboratory expenses	**1,322,245**	2,015,600
Utilities	**552,376**	474,592
Repairs and maintenance	**66,140**	135,947
Travel and training expenses	**38,715**	228,558
Other	**16,212**	34,226
	20,413,140	13,501,723

35. OTHER (EXPENSES) / INCOME, NET

	December 31, 2020	December 31, 2019
Government grant income	**3,210,270**	2,037,206
Rental income	**2,030,393**	3,081,248
Foreign exchange gain	**(467,343)**	4,903,114
Scrap Sales	**576,061**	1,158,123
Income from training	**250,515**	724,428
Royalty	**-**	5,058,836
Gain from disposal of property, plant and equipment	**-**	2,038,217
Other income	**4,914,800**	1,261,473
	3,210,270	1,261,473

(SAUDI RIYALS)

36. FINANCE COST

	December 31, 2020	December 31, 2019
Murabaha loan finance cost	**26,731,311**	34,090,266
Long term loan finance cost	**5,926,192**	987,699
Actuarial finance cost – Note 25	**10,795,570**	13,318,203
Lease liabilities finance cost	**780,537**	5,247,005
	44,233,610	53,643,173

37. DIVIDEND INCOME ON INVESTMENTS - FVOCI

	December 31, 2020	December 31, 2019
Saudi Industrial Investment Group (SIIG)	**7,002,450**	21,007,350
	7,002,450	21,007,350

38. EARNINGS PER SHARE

	December 31, 2020	December 31, 2019
Earnings / (losses) for the year	**124,787,295**	(439,741,550)
Weighted average number of ordinary shares	**120,000,000**	120,000,000
Earnings (losses) per share – basic and diluted	**1.04**	(3.66)

There is no dilutive effect on the basic earnings per share of the Company.

Basic (losses) per share have been calculated by dividing the profit / loss attributable to the shareholders of the Company over the weighted average number of outstanding ordinary shares during the year.

39. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties include associates and joint ventures, other related companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Related parties transactions are carried out on an arm's length basis and conditions approved either by the Company or its board of directors.

Transactions

	Relation with the Company	**Nature of transactions**	**December 31, 2020**	December 31, 2019
Arabian Medical Products Manufacturing Company (ENAYA)	Joint Venture	Dividend	**35,820,732**	19,147,249
CAD Middle East Pharmaceutical Company	Associate	Finance / Investment	**3,813,936**	36,903,936
Arab company for drugs industries and medical appliances (ACDIMA)	Key foreign shareholder	Research cost	**-**	2,753,652
Tassili Arab Pharmaceutical Company (TAPHCO)	Associate	Sales	**5,751,567**	3,857,977
		Finance	**464,366**	-

(SAUDI RIYALS)

39. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (CONTINUED)

Balances due from

Related party	**Nature of balance**	**December 31, 2020**	December 31, 2019	January 1, 2019
Tassili Arab Pharmaceutical Company (TAPHCO)	Non-commercial	**32,537,825**	32,056,213	32,059,645
Tassili Arab Pharmaceutical Company (TAPHCO)	Commercial	**26،082,337**	21,248,756	18,262,275
Arabian Medical Products Manufacturing Company (ENAYAH)	Non-commercial	**2,665,087**	2,485,819	2,427,259
CAD Middle East Pharmaceutical Company	Non-commercial	**132,500**	175,273	26,324,394
		61,417,749	55,966,061	79,073,573

Balance due to

Related party	**Nature of balance**	**December 31, 2020**	December 31, 2019	January 1, 2019
Arab company for drugs industries and medical appliances (ACDIMA)	Non-commercial	**-**	20,000,000	20,000,000
		-	20,000,000	20,000,000

Remuneration of key management personnel

Related party	**December 31, 2020**	December 31, 2019
Remuneration of key management personnel	**29,597,213**	27,041,754

Compensation of key management personnel consists of salaries, benefits, end of service benefits and other provisions.

40. FINANCIAL INSTRUMENTS

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Foreign exchange risk
- Other market price risk, and
- Liquidity risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Investments in quoted and unquoted equity securities
- Trade and other payables
- Floating-rate bank loans
- Lease liabilities

40. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value and fair value hierarchy

The Group measures financial instruments, such as equity accounted investees at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group determines the policies and procedures for both recurring fair value measurement and non-recurring measurement. External valuers are involved in the valuation of significant assets. The involvement of external valuers is decided by the Group after discussion with the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with its external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing with the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics, and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

(SAUDI RIYALS)

40. FINANCIAL INSTRUMENTS (CONTINUED)

Financial instrument by category

December 31, 2020	Total	Financial assets/liabilities at amortized cost	Financial assets at FVOCI	Financial assets/liabilities at FVPL	Fair value	Level 1	Level 2	Level 3
Financial assets								
Current:								
Investment at FVOCI	**128,990,471**	**-**	**128,990,471**	**-**	**128,990,471**	**128,990,471**	**-**	**-**
Investment at FVPL	**614,561,295**	**-**	**-**	**614,561,295**	**614,561,295**	**614,561,295**	**-**	**-**
Trade and other receivables	**1,015,854,118**	**1,015,854,118**	**-**	**-**	**N/A**	**-**	**-**	**-**
Other assets	**12,117,471**	**12,117,471**	**-**	**-**	**N/A**	**-**	**-**	**-**
Cash and cash equivalents	**334,081,226**	**334,081,226**	**-**	**-**	**N/A**	**-**	**-**	**-**
Total financial assets	**2,105,604,581**	**1,362,052,815**	**128,990,471**	**-**	**743,551,766**	**2,105,604,58**	**-**	**-**
Financial liabilities								
Non-current:								
Loans and borrowings	**649,071,182**	**649,071,182**	**-**	**-**	**N/A**	**-**	**-**	**-**
Lease liability	**12,712,912**	**12,712,912**	**-**	**-**	**N/A**	**-**	**-**	**-**
Current:			**-**	**-**				
Loans and borrowings	**686,534,743**	**686,534,743**	**-**	**-**	**N/A**	**-**	**-**	**-**
Trade payables	**345,985,940**	**345,985,940**	**-**	**-**	**N/A**	**-**	**-**	**-**
Lease liability	**3,315,437**	**3,315,437**	**-**	**-**	**N/A**	**-**	**-**	**-**
Total financial	**1,697,620,214**	**1,697,620,214**	**-**	**-**	**-**	**-**	**-**	**-**

(SAUDI RIYALS)

40. FINANCIAL INSTRUMENTS (CONTINUED)

Financial instrument by category (Continued)

December 31, 2019 (Restated)	Total	Financial assets/liabilities at amortized cost	Financial assets at FVOCI	Financial assets/liabilities at FVTPL	Fair value	Level 1	Level 2	Level 3
Financial assets								
Non-Current:								
Investment at FVOCI	816,244,163	-	816,244,163	-	816,244,163	816,244,163	-	-
Current:								
Investment at FVTPL	27,832,013	-	-	27,832,013	27,832,013	27,832,013	-	-
Trade and other receivables	965,663,211	965,663,211	-	-	N/A	-	-	-
Other assets	3,572,078	3,572,078	-	-	N/A	-	-	-
Cash and cash equivalents	378,972,848	378,972,848	-	-	N/A	-	-	-
Total financial assets	2,192,284,313	1,348,208,137	816,244,163	27,832,013	844,076,176	844,076,176	-	-
Financial liabilities								
Non-current:								
Loans and borrowings	663,858,141	663,858,141	-	-	N/A	-	-	-
Lease liability	7,965,544	7,965,544	-	-	N/A	-	-	-
Current:			-	-				
Loans and borrowings	534,264,394	534,264,394	-	-	N/A	-	-	-
Trade payables	423,775,275	423,775,275	-	-	N/A	-	-	-
Lease liability	3,692,015	3,692,015	-	-	N/A	-	-	-
Total financial liabilites	1,633,555,369	1,633,555,369	-	-	-	-	-	-

(SAUDI RIYALS)

40. FINANCIAL INSTRUMENTS (CONTINUED)
Financial instrument by category (Continued)

January 1, 2019 (Restated)	Total	Financial assets/liabilities at amortized cost	Financial assets at FVOCI	Financial assets/liabilities at FVTPL	Fair value	Level 1	Level 2	Level 3
Financial assets								
Non-Current:								
Investment at FVOCI	873,905,333	-	873,905,333	-	873,905,333	873,905,333	-	-
Current:								
Investment at FVTPL	13,105,159	-	-	13,105,159	13,105,159	13,105,159	-	-
Trade and other receivables	1,132,893,878	1,132,893,878	-	-	N/A	-	-	-
Other assets	3,554,357	3,554,357	-	-	N/A	-	-	-
Cash and cash equivalents	267,300,520	267,300,520	-	-	N/A	-	-	-
Total financial assets	2,290,759,247	1,403,748,755	873,905,333	13,105,159	887,010,492	887,010,492	-	-
Financial liabilities								
Non-current:								
Loans and borrowings	479,117,977	479,117,977	-	-	N/A	-	-	-
Lease liability	-	-	-	-	N/A	-	-	-
Current:								
Loans and borrowings	539,347,332	539,347,332	-	-	N/A	-	-	-
Trade payables	292,334,132	292,334,132	-	-	N/A	-	-	-
Lease liability	-	-	-	-	N/A	-	-	-
Total financial liabilites	1,310,799,441	1,310,799,441	-	-	-	-	-	-

(SAUDI RIYALS)

40. FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade receivables, other assets, loans and borrowings, accounts payables and lease liabilities.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade receivables, other assets, loans and borrowings (current), accounts payables approximates their fair value.

There were no transfers between levels during the period.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the Group Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group's internal auditors also review the risk management policies and processes and report their findings to the Audit Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The Risk Management Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Risk Management Committee.

The Risk Management Committee determines concentrations of credit risk by quarterly monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers that are graded as "high risk" are placed on a restricted customer list, and future credit sales are made only with the approval of the Risk Management Committee, otherwise, payment in advance is required.

Credit risk also arises from cash and cash equivalents and short term deposits with banks and financial institutions.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, as summarized below:

	December 31, 2020	December 31, 2019	January 1, 2019
Cash at banks (note 19)	**333,906,639**	378,865,213	265,480,081
Trade receivables - third parties (note 16)	**954,436,369**	909,697,150	1,053,820,305
Trade receivables – related parties (note 16)	**61,417,749**	55,966,860	79,073,573
Investment at FVTPL	**614,561,295**	27,832,013	13,105,159
Investment at FVOCI	**128,990,471**	816,244,163	873,905,333
Other receivables	**12,117,471**	3,572,078	3,554,357
	2,105,429,994	2,192,177,477	2,288,938,808

(SAUDI RIYALS)

40. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (Continued)

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk on receivable and bank balances is limited as:

- Cash balances are held with banks with sound credit ratings.
- Trade receivables are shown net of allowance for impairment of trade receivables.
- The financial position of related parties is stable.

The Group manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis. Trade receivables outstanding balance comprises 80% in KSA, 13% in the Middle East and 7% in Africa.

As at December 31, 2020, December 31, 2019 and January 1, 2019, the ageing of trade receivables was as follows:

	December 31, 2020	December 31, 2019	January 1, 2019
Neither past due nor impaired	**136,856,398**	168,005,372	112,202,551
Past due 1-30 days	**122,940,404**	129,268,597	150,898,818
Past due 31-90 days	**107,697,533**	125,901,586	48,068,507
Past due 91-180 days	**60,772,220**	139,316,174	332,078,796
Past due 181-365 days	**301,773,036**	333,876,208	217,848,220
Past due over 365 days	**412,707,420**	220,404,345	304,060,865
	1,142,747,011	1,116,772,282	1,165,157,757

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Total impairment
As at January 1, 2019 - restated	111,337,452
Impairment loss	95,737,680
Impairment loss on December 31, 2019 - restated	207,075,132
Impairment loss	1,475,224
As at December 31, 2020	**208,550,356**

The Risk Management Committee monitors the credit ratings of counterparties regularly and at the reporting date does not expect any losses from non-performance by the counterparties. For all financial assets to which the impairment requirements have not been applied, the carrying amount represents the maximum exposure to credit loss.

Market risk

Market risk arises from the Group's use of interest-bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commission rates (commission rate risk), foreign exchange rates (foreign currency risk) or other market factors (other price risks). The details related to these risks are more fully described below:

(SAUDI RIYALS)

40. FINANCIAL INSTRUMENTS (CONTINUED)

Commission rate risk

Fair value and cash flow interest rate risks are the exposures to the various risk associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group is not exposed to fair value and cash flow commission rate risks as investments in long term Murabaha finance have a fixed income rate or a fixed finance rate.

Management of the Group does not enter into future agreement to hedge its interest rate risk. However, these are monitored on a regular basis and corrective measures initiated wherever required.

Foreign Currency risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency) with the cash generated from their operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

To monitor the continuing effectiveness of this policy, the Board receives a monthly forecast, analyzed by the major currencies held by the Group, of liabilities due for settlement and expected cash reserves.

The Group is predominantly exposed to currency risk on purchases and sales made from major suppliers and customers based in EGP, EUR, DZD, MAD, and USD. Management of the Group does not enter into future agreements to hedge its currency risk. However, these are monitored regularly and corrective measures initiated wherever required.

Apart from these particular cash-flows, the Group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred.

The summary of quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

December 31, 2020	**EGP**	**EUR**	**DZD**	**MAD**	**USD**
Cash and cash equivalents	**39,223,987**	**-**	**7,036,340**	**16,482,347**	**3,672,855**
Trade receivables	**3,716,933**	**-**	**4,789,953**	**14,610,158**	**154,000,050**
Due from related party	**-**	**-**	**58,620,162**	**-**	**-**
Investment in equity-accounted associate	**-**	**-**	**599,585**	**-**	**-**
Lease liabilities	**-**	**-**	**(498,272)**	**-**	**-**
Loans and borrowings	**(9,569,787)**	**-**	**-**	**(61,259,720)**	**-**
Trade payable and other liabilities	**(7,160,638)**	**(25,212,818)**	**(18,541,805)**	**(29,305,660)**	**(91,706,601)**
Net statement of financial position exposure	**26,210,495**	**(25,212,818)**	**52,005,963**	**(59,472,875)**	**65,966,304**

December 31, 2019	EGP	EUR	DZD	MAD	USD
Cash and cash equivalents	31,259,975	-	11,714,294	3,758,779	5,350,372
Trade receivables	11,432,849	-	43,522,405	22,295,336	101,310,161
Investment in equity-accounted associate	-	-	219,083	-	-
Lease liabilities	251,535	-	-	59,611	-
Loans and borrowings	(11,325,401)	-	-	(50,618,592)	-
Trade payable and other liabilities	(4,146,710)	(17,368,220)	(19,042,874)	(31,949,724)	(97,645,272)
Net statement of financial position exposure	27,472,248	(17,368,220)	36,412,908	(56,454,590)	9,015,261

(SAUDI RIYALS)

40. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign Currency risk (Continued)

January 1, 2019	EGP	EUR	DZD	MAD	USD
Cash and cash equivalents	30,933,386	-	16,202,938	6,013,278	4,720,516
Trade receivables	4,433,737	-	56,834,690	60,122,590	110,977,846
Investment in equity-accounted associate	-	-	1,668,794	-	-
Loans and borrowings	(6,168,270)	-	-	(8,120,156)	-
Trade payable and other liabilities	-	(33,057,415)	(20,873,254)	(13,920,166)	(85,767,930)
Net statement of financial position exposure	29,198,853	(33,057,415)	53,833,168	44,095,546	29,930,432

Sensitivity Analysis

A reasonably possible strengthening (weakening) of the Egyptian pound, Euros, Algerian Dinars, Moroccan Dinars and US dollars against all other currencies at year-end would have affected the measurement of financial instruments denominated in a foreign currency and would have increased / (decreased) equity by the amounts shown below. This analysis assumes that all other variables, in particular commission rates, remain constant and ignores any impact of forecast sales and purchases.

	Strengthening	**Weakening**
December 31, 2020		
EGP (1%)	(262,105)	262,105
EURO (1%)	252,128	(252,128)
DZD (1%)	(520,060)	520,060
MAD (1%)	594,729	(594,729)
USD (1%)	(659,663)	659,663
31 December 2018		
EGP (1%)	(274,722)	274,722
EURO (1%)	173,682	(173,682)
DZD (1%)	(364,129)	364,129
MAD (1%)	564,546	(564,546)
USD (1%)	(90,153)	90,153
1 January 2018		
EGP (1%)	(291,989)	291,989
EURO (1%)	330,574	(330,574)
DZD (1%)	(538,332)	538,332
MAD (1%)	(440,955)	440,955
USD (1%)	(299,304)	299,304

Price other risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to price risk with respect to strategic equity investments in other companies where those complement the Group's operations. The directors believe that the exposure to market price risk from this activity is acceptable in the Group's circumstances.

The Group has diversified its investment portfolio to manage the price risk arising from investments in equity securities.

(SAUDI RIYALS)

40. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities.

The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet the, monitoring of liquidity ratios and maintaining debt financing plans.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Following are the contractual maturities at the end of the reporting period of financial liabilities. The amounts are grossed and undiscounted, and include estimated interest payments.

December 31, 2020	**Up to three months**	**More than three months and up to year**	**More than one year and up to five year**	**More than five year**	**Total**
Financial liabilities					
Loans and borrowings	**108,231,183**	**686,534,743**	**649,071,182**	**-**	**1,443,837,108**
Lease liability	**3,315,437**	**-**	**12,712,912**	**-**	**16,028,349**
Employees' end of service benefits	**-**	**-**	**311,450,683**	**-**	**311,450,683**
Accounts payable and other liabilities	**-**	**471,825,932**	**-**	**-**	**471,825,932**
Dividends payable	**-**	**155,603,299**	**-**	**-**	**155,603,299**
	111,546,620	**1,313,963,974**	**973,234,777**	**-**	**2,398,745,371**

December 31, 2019	Up to three months	More than three months and up to year	More than one year and up to five year	More than five year	Total
Financial liabilities					
Loans and borrowings	108,530,430	534,264,394	663,858,141	-	1,306,652,965
Lease liability	3,692,015	-	7,965,544	-	11,657,559
Employees' end of service benefits	-	-	311,450,683	-	311,450,683
Accounts payable and other liabilities	-	572,968,813	-	-	572,968,813
Dividends payable	-	154,578,580	-	-	154,578,580
	112,222,445	1,261,811,787	983,274,368	-	2,357,308,600

January 1, 2019	More than three months and up to year	More than one year and up to five year	Total
Financial liabilities			
Loans and borrowings	539,347,332	479,117,977	1,018,465,309
Employees' end of service benefits	-	297,211,448	297,211,448
Accounts payable and other liabilities	401,229,451	-	401,229,451
Dividends payable	152,705,449	-	152,705,449
	1,093,282,232	776,329,425	1,869,611,657

(SAUDI RIYALS)

41. SEGMENT INFORMATION

The Board of Directors (BOD), which has been identified as the Chief Operating Decision Maker (CODM), monitors the operating results of its reportable segments separately to make decisions about resource allocation and performance assessment. Transactions between the operating segments are on terms approved by the management.

The following table represents the segregation of revenue by type:

Revenue

Type of revenue	December 31, 2020	December 31, 2019
Revenue from sale of products	**1,446,320,495**	1,397,280,916
Revenue from services	**113,156,533**	89,564,972
	1,559,477,028	1,486,845,888
Other revenue		
Dividend received from investment in companies	**7,002,450**	21,007,350
Dividend received from equity-accounted associate	**38,212,917**	(14,260,768)
	45,215,367	6,746,582
Total revenue	**1,604,692,395**	1,493,592,470

In the following table, revenue is disaggregated by the primary geographical market. The table also includes a reconciliation of the disaggregated revenue with the Group's four strategic divisions, which are its reportable segments.

December 31, 2020

	Sale of goods	Distribution Services	Contract manufacturing arrangements	Medical services	Total
Kingdom of Saudi Arabia	**1,304,964,989**	**14,246,544**	**6,073,332**	**92,635,660**	**1,417,920,525**
Egypt	**100,297,912**	**-**	**-**	**-**	**100,297,912**
Middle East	**15,076,740**	**-**	**155,285**	**-**	**15,232,025**
Morocco	**20,459,244**	**-**	**45,712**	**-**	**20,504,956**
Algeria	**5,521,610**	**-**	**-**	**-**	**5,521,610**
	1,446,320,495	**14,246,544**	**6,274,329**	**92,635,660**	**1,559,477,028**
Timing of revenue recognition					
PO satisfied at a point in time	**1,446,320,495**	**14,246,544**	**6,274,329**	**-**	**1,466,841,368**
PO satisfied over time	**-**	**-**	**-**	**92,635,660**	**92,635,660**
	1,446,320,495	**14,246,544**	**6,274,329**	**92,635,660**	**1,559,477,028**

(SAUDI RIYALS)

41. SEGMENT INFORMATION (CONTINUED)

December 31, 2019

	Sale of goods	Distribution Services	Contract manufacturing arrangements	Medical services	Total
Kingdom of Saudi Arabia	1,212,848,174	5,933,853	5,592,981	77,867,940	1,302,242,948
Egypt	14,317,050	-	170,200	-	14,487,250
Middle East	161,167,438	-	-	-	161,167,438
Algeria	8,948,252	-	-	-	8,948,252
	1,397,280,914	5,933,853	5,763,181	77,867,940	1,486,845,888
Timing of revenue recognition					
PO satisfied at a point in time	1,397,280,914	5,933,853	5,763,181	-	1,408,977,948
PO satisfied over time	-	-	-	77,867,940	77,867,940
	1,397,280,914	5,933,853	5,763,181	77,867,940	1,486,845,888

(SAUDI RIYALS)

42. PRIOR YEARS ADJUSTMENTS

The group has restated its financial statements and below are the adjustments to the consolidated statement of financial position as at December 31, 2019:

	Note	December 31, 2019 (Audited)	Re-classification	Re-measurement	December 31, 2019 (Restated)
ASSETS					
Non-current assets					
Property, plant and equipment	A, F	1,023,860,222	(35,998,368)	11,969,169	999,831,023
Assets under construction	A	689,421,409	35,998,368	-	725,419,777
Intangible assets	G	81,280,609	-	(601,099)	80,679,510
Right of use assets		12,031,632	-	-	12,031,632
Investments at fair value through profit or loss	A	27,832,013	(27,832,013)	-	-
Investments at fair value through other comprehensive income		816,244,163	-	-	816,244,163
Investment in equity accounted associates and joint venture		74,203,001	-	-	74,203,001
Deferred tax assets		23,724,209	-	-	23,724,209
Total non-current assets		2,748,597,258	(27,832,013)	11,368,070	2,732,133,315
Current assets:					
Inventories	B	401,461,502	-	8,070,956	409,532,458
Trade and other receivables	C	937,157,442	-	28,505,769	965,663,211
Investments at fair value through profit or loss	A	-	27,832,013	-	27,832,013
Prepaid expenses and other assets	A, D	157,730,103	(9,862,500)	(6,482,985)	141,384,618
Cash and cash equivalents		378,972,848	-	-	378,972,848
Total current assets:		1,875,321,895	17,969,513	30,093,740	1,923,385,148
TOTAL ASSETS		4,623,919,153	(9,862,500)	41,461,810	4,655,518,463
EQUITY AND IABILITIES					
Share capital		1,200,000,000	-		
Statutory reserve		360,684,866	-	-	1,200,000,000
General reserve		150,000,000	-	-	360,684,866
Consensual reserve		96,274,794	-	-	150,000,000
Fair value reserve	H	426,632,021	-	16,500,000	443,132,021
Foreign currency translation reserve		(20,554,196)	-	-	(20,554,196)
Accumulated losses	D, E, F, H, L	(278,458,938)	-	(7,537,247)	(285,996,185)
Equity attributable to the owners of the parent:		1,934,578,547	-	8,962,753	1,943,541,300
Non-controlling interest	I	185,093,535	-	(14,507,840)	170,585,695
TOTAL EQUITY		2,119,672,082	-	(5,545,087)	2,114,126,995
Non-current liabilities					
Loans and borrowings	A	712,669,691	(48,811,550)		663,858,141
Lease liability		7,965,544	-	-	7,965,544
Employees' end of service benefit obligations		311,450,683	-	-	311,450,683
Deferred income		40,642,215	-	-	40,642,215
Contract liabilities		17,500,202	-	-	17,500,202
Total non-current liabilities		1,090,228,335	(48,811,550)	-	1,041,416,785
Current liabilities				-	
Loans and borrowings	A	485,452,844	48,811,550	-	534,264,394
Financial guarantees provision	E	101,216,942	-	7,313,488	108,530,430
Lease liability		3,692,015	-	-	3,692,015
Zakat and income tax payable		37,122,426	-	-	37,122,426
Trade payable and other liabilities	A, I, J	543,137,903	(9,862,500)	39,693,409	572,968,812
Dividends payable		154,578,580	-	-	154,578,580
Lease liability		88,818,026	-	-	88,818,026
Total current liabilities		1,414,018,736	38,949,050	47,006,897	1,499,974,683
TOTAL LIABILITIES		2,504,247,071	(9,862,500)	47,006,897	2,541,391,468
TOTAL EQUITY AND LIABILITIES		4,623,919,153	(9,862,500)	41,461,810	4,655,518,463

(SAUDI RIYALS)

42. PRIOR YEARS ADJUSTMENTS(CONTINUED)

The group has restated its financial statements and below are the adjustments to the consolidated statement of financial position as at January 1, 2019:

	Note	January 1, 2019 (Audited)	Re-classification	Re-measurement	January 1, 2019 (Restated)
ASSETS					
Non-current assets					
Property, plant and equipment		723,983,952	-	-	723,983,952
Assets under construction		744,242,074	-	-	744,242,074
Intangible assets	G	103,794,478	-	(601,099)	103,193,379
Right of use assets		-	-	-	-
Investments at fair value through profit or loss - FVPNL	A	13,105,159	(13,105,159)	-	-
Investments at fair value through other comprehensive income - FVOCI		873,905,333	-	-	873,905,333
Equity accounted associates and joint venture		70,426,756	-	-	70,426,756
Deferred tax assets		16,301,282	-	-	16,301,282
Goodwill		137,698,760	-	-	137,698,760
Total non-current assets		2,683,457,794	(13,105,159)	(601,099)	2,669,751,536
Current assets:					
Inventories		480,888,872	-	-	480,888,872
Trade and other receivables	C	1,104,388,109	-	28,505,769	1,132,893,878
Investments at fair value through profit or loss - FVPNL	A	-	13,105,159	-	13,105,159
Prepaid expenses and other assets	A, D	222,667,310	(9,862,500)	(6,482,985)	206,321,825
Cash and cash equivalents		267,300,520	-	-	267,300,520
Total current assets:		2,075,244,811	3,242,659	22,022,784	2,100,510,254
TOTAL ASSETS		4,758,702,605	(9,862,500)	21,421,685	4,770,261,790
EQUITY AND IABILITIES					
Share capital		1,200,000,000	-	-	1,200,000,000
Statutory reserve		360,684,866	-	-	360,684,866
General reserve		150,000,000	-	-	150,000,000
Consensual reserve		96,274,794	-	-	96,274,794
Fair value reserve		474,343,191	-	-	474,343,191
Foreign currency translation reserve		(23,050,875)	-	-	(23,050,875)
Accumulated losses	C, D, G, L	282,255,193	-	13,228,291	295,483,484
Equity attributable to the owners of the parent:		2,540,507,169	-	13,228,291	2,553,735,460
Non-controlling interest		218,189,832	-	(15,807,671)	202,382,161
TOTAL EQUITY		2,758,697,001	-	(2,579,380)	2,756,117,621
Non-current liabilities					
Loans and borrowings		479,117,977	-	-	479,117,977
Lease liability		-	-	-	-
Employees' end of service benefit obligations		297,211,448	-	-	297,211,448
Deferred income		17,796,616	-	-	17,796,616
Contract liabilities		4,291,224	-	-	4,291,224
Total non-current liabilities		798,417,265	-	-	798,417,265
Current liabilities					
Loans and borrowings		539,347,332	-	-	539,347,332
Financial guarantees provision		-	-	-	-
Lease liability		-	-	-	-
Zakat and income tax payable		67,396,217	-	-	67,396,217
Trade payable and other liabilities	A, I, J	401,229,451	(9,862,500)	24,001,065	415,368,016
Dividends payable		152,705,449	-	-	152,705,449
Lease liability		40,909,890	-	-	40,909,890
Total current liabilities		1,201,588,339	(9,862,500)	24,001,065	1,215,726,904
TOTAL LIABILITIES		2,000,005,604	(9,862,500)	24,001,065	2,014,144,169
TOTAL EQUITY AND LIABILITIES		4,758,702,605	(9,862,500)	21,421,685	4,770,261,790

(SAUDI RIYALS)

42. PRIOR YEARS ADJUSTMENTS (CONTINUED)

Reconciliation to consolidated statement of profit or loss for the year ended December 31, 2019:

	Note	December 31, 2019 (Audited)	Re-classification	Re-measurement	December 31, 2019 (Restated)
Revenue	A, K	1,552,515,078	(49,976,846)	(15,692,344)	1,486,845,888
Cost of revenue	A, B, K	(1,001,765,083)	4,484,745	8,070,956	(989,209,382)
Gross profit		550,749,995	(45,492,101)	(7,621,388)	497,636,506
Selling and marketing expenses	A	(406,713,531)	52,617,200	-	(354,096,331)
General and administrative expenses	A, K, F	(212,686,330)	(9,424,272)	11,969,169	(210,141,433)
Research and development expenses	A	(32,062,093)	18,560,370	-	(13,501,723)
Impairment reversal on trade receivables		(95,737,680)	-	-	(95,737,680)
Impairment in goodwill		(137,698,760)	-	-	(137,698,760)
Other income		20,262,645	-	-	20,262,645
Operating loss		(313,885,754)	16,261,197	4,347,781	(293,276,776)
Financial guarantees expenses	E	(101,216,943)	-	(7,313,488)	(108,530,431)
Finance cost	A, K	(41,037,876)	(12,605,297)		(53,643,173)
Gain financial investments through profit or loss	K	-	726,854	-	726,854
Dividend income on investments - FVOCI		21,007,350	-	-	21,007,350
Share of profits / (losses) from equity-accounted associates and joint venture		(14,260,768)	-	-	(14,260,768)
Profit before zakat and income tax		(449,393,991)	4,382,754	(2,965,707)	(447,976,944)
Zakat and income tax	K	(31,678,358)	1,742,223	-	(29,936,135)
Net loss for the year		(481,072,349)	6,124,977	(2,965,707)	(477,913,079)
Discontinued operations					
Loss for the year from discontinued operations	K	-	(6,124,977)	-	(6,124,977)
Net loss for the year		(481,072,349)	-	(2,965,707)	(484,038,056)
Attributable to:					
Owners of the parent	M	(435,507,618)	-	(4,233,932)	(439,741,550)
Non-controlling interests	M	(45,564,731)	-	1,268,225	(44,296,506)
		(481,072,349)	-	(2,965,707)	(484,038,056)
Loss of stock attributable to the shareholders of the parent company:					
Basic & diluted		(3.63)			(3.66)
Other comprehensive (loss) profit items:					
Items that will be reclassified subsequently to profit or loss:					
Exchange difference on translation of foreign operations		2,496,679	-	-	2,496,679
Items that will not be reclassified subsequently to profit or loss:					
Changes in fair value of investments - FVOCI	H	(51,225,003)	16,500,000	-	(34,725,003)
Impairment in fair value of investments - FVOCI	H	-	(16,500,000)	-	(16,500,000)
Actuarial (loss) / gain on employees' end of service benefits		(2,009,251)	-	-	(2,009,251)
Share of other comprehensive income in equity-accounted associates and joint venture		280,326	-	-	280,326
Total other comprehensive loss for the year		(50,457,249)	-	-	(50,457,249)
Total comprehensive income / (loss) for the year		(531,529,598)	-	(2,965,707)	(534,495,305)
Owners of the parent	M	(485,928,622)	-	(4,265,538)	(490,194,160)
Non-controlling interests	M	(45,600,976)	-	1,299,831	(44,301,145)
		(531,529,598)	-	(2,965,707)	(534,495,305)

42. PRIOR YEARS ADJUSTMENTS (CONTINUED)

Notes to the adjustments of the consolidated statement of financial position as at December 31, 2019 and consolidated statement of profit and loss and consolidate statement other comprehensive income for the year ended December 31, 2019

A. Certain comparative figures have been reclassified to comply with the current year presentation of these consolidated financial statements.

B. The expired finished goods as part of the inventory in prior years adjusted retrospectively in these financial statements.

C. A provision was made against deferred tax assets recorded in the accounting books of SPIMACO-Algeria through the consolidated statement of profit or loss statement for the year ended December 31, 2019.

D. Advances to suppliers for services received in prior years adjusted in prior year's opening retained earnings.

E. Adjusting error in calculating the value of the financial guarantee for an associate company.

F. The increase in depreciation effect is reversed through the retained earnings for the prior year.

G. Recording the amount related to intangible assets through retained earnings for the prior year.

H. Adjustment of an amount related to the impairment loss in FVTOCI investments.

I. Due to the delay in issuing the amended Articles of Association and Registration Certificate, "ACDIMA Company" was not registered as an official partner in AL-WATAN Arabian Medical Company ("Al-Watan Pharma"), which was mistakenly reported as a non-controlling partner in the consolidated financial statements for the prior year. Accordingly, a correction in the financial statements was made by re-measuring the consolidated accumulated losses of SR 5.51 million and the non-controlling equity of SR 14.5 million and the liability against the adjustment was recognized in the amount of SR 20 million.

J. This adjustment relates to recognition of various accruals in the prior year's consolidated statement of financial position and profit or loss.

K. The revenues and expenses of a subsidiary under liquidation have been adjusted through the consolidated statement of profit or loss, and the comparison has been restated to comply with the current year presentation of these consolidated financial statements.

L. Adjusting the differences not recorded in previous years for incentives through the retained earnings of the previous year.

M. The effect of the parent Company's share and the non-controlling equity's equity has been adjusted against the adjustments in the consolidated statement of profit or loss.

43. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent liabilities

As at December 31, 2020, the Group has letters of guarantees amounting to SR 79.7 million (December 31, 2019: SR 138 million and January 1, 2019: SR 131.6 million).

As at December 31, 2020, the Group has a contingent liability amounting to SR 0.6 million which have been issued on behalf of the Group in the normal course of business (December 31, 2019: SR 0.7 million and January 1, 2019: SR nil).

During its normal business operations, some cases may arise against the Company and some of the Group's subsidiaries, and are currently being defended, but the ultimate outcome of these cases cannot be currently determined with certainty. The management believes that the results of these cases will not have a material impact on the Group's consolidated financial statements for the year ended December 31, 2020.

Capital commitments

As at December 31, 2020, the Group has capital commitments amounting to SR 76.9 million (December 31, 2019: SR 120.5 million and January 1, 2019: SR 28.3 million).

44. SUBSEQUENT EVENTS

The board of directors of the company recommended in its meeting held on March 22, 2021 the general assembly to distribute cash dividends to the shareholders of the company amounting to SR 120 millions for the year ended on December 31, 2020 at the rate of 1 Saudi riyals per share.

45. IMPORTANT MATTERS DURING THE PERIOD AND THE RELATED FINANCIAL AND OPERATIONAL RISKS

- The emerging epidemic of the Coronavirus (COVID-19) continues to evolve and spread, and the recent global developments in September 2020 have caused more fluctuations in commodity markets.

  The impact of the application of precautionary procedures and preventive measures taken by the relevant authorities in the Kingdom of Saudi Arabia to address and limit the spread of the Corona Virus (COVID-19) have caused a slight stop in the exports of medicines and pharmaceuticals at the end of the first quarter of 2020, and have resulted in lower export sales in the second quarter, noting that the export was partially resumed during June 2020. As for private sector sales for the third quarter of 2020, they were not significantly affected by the outbreak of the emerging Corona Virus (COVID-19).

  The Group's management and those charged with governance monitor the market effects and changes resulting from the virus spread, and work to focus on public safety measures and the sustainability of the supply chain of important supplies and to ensure the availability of the necessary liquidity to ensure the sustainability of operations.

46. APPROVAL ON THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements have been approved by the board of directors on 10 Sha’ban 1442 H (corresponding to 22 March 2021).