SAUDI INDUSTRIAL EXPORT COMPANY

(SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
WITH THE INDEPENDENT AUDITOR'S REPORT

Saudi Industrial Export Company
(Saudi joint stock company)
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Saudi Industrial Export Company
(Saudi Joint Stock Company)
Riyadh - Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Saudi Industrial Export Company ("the Company") which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 Financial Statements" section of our report. We are independent of the Company 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 financial statements and we have fulfilled our other 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.

Material Uncertainties Related to Going Concern

We draw attention to Notes (2-5 & 30) to the accompanying financial statements, which indicates that the Company has incurred a net loss for the year ended 31 December 2021 of SAR 14.88 million (2020: SAR 13.18 million), and its accumulated losses amounting to SAR 52.8 million (2020: SAR 37.9 million) representing 81% (2020:59%) as of the same date. These events and conditions indicate a material uncertainty on the Company's ability to continue as a going concern. However, subsequent to the year ended 31 December 2021, the capital has been restructured by absorption of accumulated losses through capital reduction from SAR 64.8 million to SAR 21.6 million. Furthermore, dated 17 March 2022, the Company obtained the regulatory approval from the Capital Market Authority to increase the share capital via rights- issue amounting to SAR 172.8 million. The rights- issue is subject to approval by the Company’s extraordinary general assembly.

Accordingly, the financial statements has been prepared on the going concern basis and do not include any adjustments, which may be required, if the Company is not able to continue as a going concern.

Our opinion is not modified in respect of these matters.

Other Matter

The financial statements for the year ended 31 December 2020 were audited by another auditor with a qualified opinion issued dated 9 June 2021.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of Saudi Industrial Export Company
(Saudi Joint Stock Company)
Riyadh - Kingdom of Saudi Arabia

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Revenue recognition	
As shown in the financial statements, the revenue amount for the year ended 31 December 2021 amounted to SAR 15.6 million (2020: SAR 32.6 million). We considered this a key audit matter given the importance of the revenue amount and the inherent risk of revenue being overvalued or inappropriately recognized before the Company fulfills the performance obligation as well as improperly evaluating the Company's relationship to its contracts with clients as principal or agent. Please refer to Note (5-16) in the financial statements for the accounting policy applied .	We have performed the following procedures in relation to revenue recognition: • Obtained an understanding of the revenue recognition process, taking into account the relevant accounting standards, and evaluated the appropriateness of the accounting policies used. • On a sample basis examined revenue transactions and contracts during the year and assessed the appropriateness of management's estimates of performance obligations, if any. • We have performed audit procedures about the timing of recognizing revenue from sales after the goods are delivered to customers and recording them during the correct accounting period. • We inquired of management at various levels to assess their knowledge of fraud risks and to identify any actual fraud cases observed when revenue from sales was recognized.
Impairment in the value of trade receivables	
The net balance of trade receivables as at 31 December 2021 amounted to SAR 8.04 million (2020: SAR 15.6 million). Management estimates the loss allowance for trade receivables using expected credit losses. When estimating lifetime expected credit loss. Management considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analyzes based on the company's historical experience and considered credit assessment, including the future outlook for that information. The decline in the value of trade debtors is one of the key audit matters due to the importance of management judgments in determining the decline in the value of trade debtors, the presence and book value of trade debtors is essential to the performance and assets of the company. Refer to note (5-22) in the financial statements for the accounting policy applied and note (12) for the relevant disclosure	We have performed the following procedures: • Assessed the adequacy of impairment considerations in trade receivables in accordance with the Company's policies and assessed compliance with the applicable accounting standards. • Asses management's assumptions used in determining the impairment loss. • Identification of trade debtors exposed to credit risk and checking whether they have been correctly included in management's assessment of impairment. • Recalculating the decline in the value of trade receivables based on the company's policies to ensure that the decline is appropriate at the date of the statement of financial position. • Assessing the adequacy of the relevant disclosures.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of Saudi Industrial Export Company
(Saudi Joint Stock Company)
Riyadh - Kingdom of Saudi Arabia

Other Information
Other information consists of the information included in the Company's 2021 annual report, other than the financial statements and our auditors' report thereon. Management is responsible for the other information in its annual report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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 for the Financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's Bylaws and for such internal control as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the 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 endorsed in the Kingdom of Saudi Arabia, 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 financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of Saudi Industrial Export Company
(Saudi Joint Stock Company)
Riyadh - Kingdom of Saudi Arabia

Auditor's responsibilities for the Audit of the Financial Statements (continued)
As part of an audit in accordance with ISAs as endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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.

- 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of Saudi Industrial Export Company
(Saudi Joint Stock Company)
Riyadh - Kingdom of Saudi Arabia

Report on Other Legal and Regulatory Requirements

Based on the information that has been made available to us while performing our audit procedures, except for the matters disclosed within the Material Uncertainties Related to Going Concern Section of this report, nothing has come to our attention that causes us to believe that the Company is not in compliance, in all material respects, with the applicable requirements of the Regulation for Companies in the Kingdom of Saudi Arabia and the Company's By-laws in so far as they affect the preparation and presentation of the financial statements.

For Al-Bassam & Co.

البسام وشركاؤه
محاسبون قانونيون
رقم الترخيص ٥٢٠/١١/٣٢٣
C.R.1010385804
License 520/11/323
Al-Bassam & Co.
Certified Public Accountants

Ibrahim Ahmed Al Bassam
Certified Public Accountant
License No. 337

Riyadh on: 3 Ramadan 1443 H
Corresponding to: 4 April 2022

Saudi Industrial Export Company
(Saudi joint stock company)
Statement of financial position
As of 31 December 2021
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	2021	2020
Assets			
Non-current assets			
Property, plant and equipment	6	**3,383,561**	3,770,696
Intangible assets	7	**57,967**	78,206
Right -of- use assets	8	**733,325**	939,890
Total non-current assets		**4,174,853**	4,788,792
Current assets			
Inventory	10	**-**	3,452,090
Prepayments and other current assets	11	**4,452,467**	8,789,857
Trade receivables	12	**8,043,298**	15,640,435
Cash and cash equivalent	13	**7,480,359**	8,484,030
Total current assets		**19,976,124**	36,366,412
Total Assets		**24,150,977**	41,155,204
Equity and Liabilities			
Equity			
Share capital	15	**64,800,000**	64,800,000
Statutory reserve	16	**642,645**	642,645
Actuarial reserve	17	**357,333**	248,042
Accumulated losses		**(52,837,550)**	(37,954,378)
Total Equity		**12,962,428**	27,736,309
Liabilities			
Non-current liabilities			
Lease liabilities	8	**635,023**	720,574
Employees’ defined benefit obligations	17	**414,195**	335,330
Total non-current liabilities		**1,049,218**	1,055,904
Current liabilities			
Lease liabilities - current portion	8	**327,622**	321,898
Trade payables		**3,219,452**	1,054,066
Accrued expenses and other current payables	18	**2,551,974**	5,897,354
Due to shareholders	19	**2,807,022**	2,808,798
Zakat provision	20	**1,233,261**	2,280,875
Total current liabilities		**10,139,331**	12,362,991
Total Liabilities		**11,188,549**	13,418,895
Total Equity and Liabilities		**24,150,977**	41,155,204
Commitments and contingencies	29		

CFO	**CEO**	**Chairman**
Ahmed Talat Abdelaziz	**Suliman Hamad Al Jadie**	**Hatem Hamad Al Sehbany**

The attached notes from (1) to (31) form an integral part of these financial statements

Saudi Industrial Export Company
(Saudi joint stock company)
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2021
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	2021	2020 (Restated, Note 28)
Revenues		**15,656,058**	32,600,621
Cost of revenue	21	**(14,022,019)**	(30,662,988)
Gross profit		**1,634,039**	1,937,633
General and administrative expenses	22	**(14,889,219)**	(10,222,276)
Impairment losses on investments	9	**-**	(2,559,654)
Impairment of trade receivables	12	**(3,042,586)**	(1,725,285)
Other income	23	**2,566,897**	1,920,730
Operating loss		**(13,730,869)**	(10,648,852)
Finance costs	8	**(120,492)**	(81,963)
Net loss before zakat		**(13,851,361)**	(10,730,815)
Zakat	20	**(948,813)**	(2,451,149)
Loss from Continuing Operations		**(14,800,174)**	(13,181,964)
Discontinued operations			
Loss from discontinued operations	14	**(82,998)**	**-**
Net loss for the year		**(14,883,172)**	(13,181,964)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial profits from employees' defined benefit obligations	17	**109,291**	61,948
Other comprehensive income for the year		**109,291**	61,948
Total comprehensive loss for the year		**(14,773,881)**	(13,120,016)
Basic and diluted per share from:			
Loss from continuing operations	25	**(2.28)**	(2.03)
Loss of discontinued operations	14	**(0.01)**	**-**

CFO	**CEO**	**Chairman**
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Saudi Industrial Export Company
(Saudi joint stock company)
Statement of changes in equity
For the year ended 31 December 2021
(All amounts are in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Actuarial reserve	Accumulated losses	Total
Balance as at 1 January 2020	64,800,000	642,645	186,094	(24,772,414)	40,856,325
Net loss for the year	-	-	-	(13,181,964)	(13,181,964)
Other comprehensive income for the year	-	-	61,948	-	61,948
Balance as at 31 December 2020	64,800,000	642,645	248,042	(37,954,378)	27,736,309
Balance as at 1 January 2021	64,800,000	642,645	248,042	(37,954,378)	27,736,309
Net loss for the year	-	-	-	(14,883,172)	(14,883,172)
Other comprehensive income for the year	-	-	109,291	-	109,291
Balance as at 31 December 2021	**64,800,000**	**642,645**	**357,333**	**(52,837,550)**	**12,962,428**

CFO
Ahmed Talat Abdelaziz

CEO
Suliman Hamad Al Jadie

Chairman
Hatem Hamad Al Sehbany

The attached notes from (1) to (31) form an integral part of these financial statements

Saudi Industrial Export Company
(Saudi joint stock company)
Statement of cash flows
For the year ended 31 December 2021
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	2021	2020
Cash flows from operating activities:			
Net loss from continuing operations before zakat		**(13,851,361)**	(10,730,815)
Loss from discontinued operations		**(82,998)**	-
Net loss before zakat		**(13,934,359)**	(10,730,815)
Adjustments for:			
Depreciation of property, plant and equipment	6	**471,367**	504,048
Write-off intangible assets	7	**78,206**	-
Depreciation of right -of- use assets	8.1	**206,565**	206,396
Impairment on investments	9	-	2,559,654
Impairment of trade receivables	12	**3,042,586**	1,725,285
Impairment of inventory	10	**1,333,836**	330,879
Employees' defined benefit obligations	17	**259,930**	192,068
Finance cost	8.2	**120,492**	81,963
		(8,421,377)	(5,130,522)
Changes in working capital items:			
Trade receivables		**4,554,551**	(9,268,573)
Inventory		**2,118,254**	(1,137,014)
Prepayments and other current assets		**4,337,390**	888,277
Trade payables		**2,165,386**	(867,073)
Accrued expenses and other current payables		**(3,355,229)**	3,433,182
Due to shareholders		**(1,776)**	-
Cash generated from (used in) operations		**1,397,199**	(12,081,723)
Defined benefit obligations paid to employees	17	**(61,925)**	(117,088)
Zakat paid	20	**(1,996,427)**	(1,381,010)
Net cash used in operating activities		**(661,153)**	(13,579,821)
Cash flows from investing activities			
Additions to property, plant and equipment	6	**(84,232)**	(1,225,035)
Additions to intangible assets	7	**(57,967)**	(78,206)
Proceeds from sale of investments at fair value through profit or loss		-	4,000,000
Net cash (used in) from investing activities		**(142,199)**	2,696,759
Cash flows from financing activities			
Lease obligations paid	8.2	**(200,319)**	(258,397)
Net cash used in financing activities		**(200,319)**	(258,397)
Net change in cash and cash equivalents		**(1,003,671)**	(11,141,459)
Cash and cash equivalents at the beginning of the year		**8,484,030**	19,625,489
Cash and cash equivalents at the end of the year	13	**7,480,359**	8,484,030
<u>Non-cash transactions</u>			
Employees' Defined Benefit Obligations transferred to accrued expenses and other payables	17	**9,849**	260,875

CFO	**CEO**	**Chairman**
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The attached notes from (1) to (31) form an integral part of these financial statements

(All amounts are in Saudi Riyals unless otherwise stated)

1- Status and nature of business

Saudi Industrial Export Company is a Saudi Joint Stock Company (the “Company”), established according to the Minster of Commerce resolution, No. 954 dated 12 Dhu al-Qidah 1410H. (5 June 1990). The Company is registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010077554 issued in Riyadh on 25 Dhu al-Qidah 1410H. (18 June 1990). Unified entity no. 7001344865.

The Company’s head office is located in :

P.O. Box 21977

Riyadh 11485

Kingdom of Saudi Arabia

The Company's issued and authorized capital amounts to 64,800,000 Saudi riyals divided into 6,480,000 shares, the value of each share is 10 Saudi riyals.

- The Company operates through the following branches, which assets, liabilities and operations results have been included in these financial statements:

Branch name	City	CR number	Registration date
Sarah Factory for Medical Supplies	Riyadh	1010143870	30/6/1417 H
Saudi Industrial Export Company Branch	Riyadh	1010598789	14/2/1441 H
Saudi Industrial Export Company Branch	Riyadh	1010620859	11/5/1441 H
Saudi Industrial Export Company Branch	Riyadh	1010618735	27/4/1441 H
Saudi Industrial Exports Company - Sudan Branch	Khartoum	1803	28/11/2019
Saudi Industrial Exports Company - UAE Branch	Dubai	1473310	12/12/2019

- The Company is engaged in the trading of raw fuels, minerals and industrial chemicals including fertilizers, wholesale of lubricants and refined petroleum products, wholesale of cement, plaster and the like, wholesale of primary plastics materials, rubber and synthetic fibres, sale of plants, seeds and fertilizers (nurtures), Storage in Ports and customs or free zones.
- Sara Medical Supplies Factory - branch of Saudi Industrial Export Company - is engaged in the manufacture of disinfectants and sterilizers for medical products and devices, the manufacture of disinfectants and sterilizers for non-medical use, the wholesale sale of soap and detergents, the retail sale of medical devices, equipment and supplies under the industrial license amended by Decision No. 247 dated 28 Muharram 1439H corresponding to 18 October 2017.
- The activity of the branch of the Saudi Industrial Export Company - Commercial Registration No. 1010598789 - is in loading and unloading of air cargo planes, transporting goods by sea and directing goods transport vehicles.
- The branch of the Saudi Industrial Export Company - Commercial Registration No. 1010620859 - is engaged in wholesale food and beverages, storage in grain and flour silos warehouses, food and agricultural products inventory, and dry food inventory.
- The branch of the Saudi Industrial Export Company - Commercial Registration No. 1010618735 - is engaged in the wholesale sale of chemicals.
- The activity of the Saudi Industrial Export Company - Sudan branch - is the import and export of crude oil, minerals and industrial chemical products including those fertilizers, lubricants, refined petroleum products, primary plastics, rubber and synthetic fibers under the industrial license issued by Decision No. 2450 on 1 Rabi’ al-Akhir 1441H corresponding to 28 November 2019.
- The activity of the Saudi Industrial Export Company - UAE branch - is engaged in trading oils and lubricants under the industrial license issued by Decision No. 868310 on 15 Rabi’ al-Akhir 1441H corresponding to 12 December 2019.

The Company's fiscal year commences at the beginning of January and ends at the end of December of each gregorian calendar year.

With reference to the events related to the spread of the Covid-19 and the consequent impact of business sectors at the global level, the Company has taken many measures and measures necessary to protect the Company and its employees and continue to work to improve the performance of the Company. The management does not believe that there is any factor that causes changes in the pandemic conditions that may affect the Company's operations during 2022.

2- Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronnouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The comparative figures are consolidated and include the financial statements of the Company and Saudi Industrial Export Company - Jordan (the "subsidiary"). On 7 March 2021, the Company's board of directors resolved to liquidate and close the subsidiary due to lack of economic feasibility and to reduce general and administrative expenses. Accordingly, the consolidation of the financial statements was discontinued as of the same date, and the operation results presented separately on the statement of profit or loss and other comprehensive income (Note 14).

2.2. Measurement basis

These financial statements have been prepared on the historical cost basis, except for the recognition of employees' defined benefit obligations at the present value of future obligations using the projected unit credit method.

2.3 Functional and presentation currency

These financial statements are presented in Saudi Riyals (SAR), which is the Company's functional and presentation currency.

2.4 Discontinued operations and non-current assets held for sale (or held for distribution to shareholders)

The results of discontinued operations are presented separately in the statement of profit or loss and other comprehensive income. Non-current assets (or disposal groups), if any, are classified as held for sale (or held for distribution to shareholders) at their carrying value or fair value less cost to sell (or cost of distribution), whichever is lower.

Non-current assets (or disposal groups) are classified as held for sale (or held for distribution to shareholders) if their carrying amount will be recovered through a sale transaction rather than continuing use. In that case when the asset (or disposal group) is available for immediate sale in its present condition only subject to the normal and ordinary terms of sale of such assets (or disposal group) and the sale is considered highly probable.

A sale is considered highly likely if the relevant management level is committed to a plan to sell the asset (or disposal group), and an active program to find a buyer and complete the plan has been initiated. Furthermore it; The asset has been actively marketed for sale (or disposal group) at a reasonable price in relation to its current fair value. In addition, the sale is expected to qualify for recognition as a completed sale within one year from the date it is classified as held for sale.

Non-current assets for sale are not depreciated or amortized while they are classified as held for sale (or held for distribution to shareholders). The interest and other expenses associated with the obligations of the disposal group are recognized.

Non-current assets (or disposal group) classified as held for sale (or held for distribution to shareholders) are classified separately from other assets in the statement of financial position. Obligations of disposal group classified as held for sale (or held for distribution to shareholders) are categorized separately from other liabilities in the statement of financial position.

2.5 Going concern basis of accounting

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue its activities for the foreseeable future. The Company has incurred for the year ended 31 December 2021 a net loss of SAR 14.88 million (2020: SAR 13.18 million), and its accumulated losses amounting to SAR 52.8 million (2020: SAR 37.9 million) representing 81% (2020:59%) as of the same date. The ability of the Company to continue its operations depends on obtaining finance, profitable contracts and increase the volume of its revenue appropriately.

The Company is working on expanding the business model by entering into operations complementary to the Company's activity according to the bye-laws to include storage operations in regional and international free zones, in addition to entering into import operations for raw materials and expanding transportation operations for the Company's account and for the account of others. In addition, the Company's management is working to trade in items with a high profit margin, such as foodstuffs. Subsequent to the year ended 31 December 2021, the capital has been restructured by absorption of accumulated losses through capital reduction from SAR 64.8 million to SAR 21.6 million. Furthermore, dated 17 March 2022, the Company obtained the regulatory approval from the Capital Market Authority ("CMA") to increase the share capital via rights- issue amounting to SAR 172.8 million. The rights- issue is subject to approval by the Company's extraordinary general assembly (note 30) .

The Company's management reasonably expects the Company to continue as a going concern for the foreseeable future.

(All amounts are in Saudi Riyals unless otherwise stated)

3- New standards, amendments to standards and interpretations

Amendments

A number of new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Company's Financial Statements, except for where referenced below.

New amendments to standards issued and applied effective in year 2021

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	January 1, 2021	These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.
IFRS 16	Amendments to IFRS 16 Leasing - Covid-19 Related Rent Concessions	April 1, 2021	This amendment extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification for payments originally due on or before June 30, 2022 (rather than payment due on or before June 30, 2021).

New standards, amendments and revised IFRS issued but not yet effective

The Company has not applied the following new and revised IFRSs and amendments to IFRS that have been issued but are not yet effective.

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 37	Onerous Contracts Cost of Fulfilling Contract	January 1, 2022	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract. These amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.
IFRS 16, IFRS 9, IAS 41 and IFRS 1	Annual Improvements to IFRS Standards 2018–2020	January 1, 2022	IFRS 16: The amendment removes the illustration of the reimbursement of leasehold improvements IFRS 9: The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment is to be applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. IAS 41: The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. IFRS 1: The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation difference.
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. Additionally, the amendments also clarify the meaning of 'testing whether an asset is functioning properly'.

(All amounts are in Saudi Riyals unless otherwise stated)

3- New standards, amendments to standards and interpretations (continued)

New standards, amendments and revised IFRSs issued but not yet effective (continued)

The Company has not applied the following new and revised IFRSs and amendments to IFRS that have been issued but are not yet effective.

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 3	Reference to the Conceptual Framework	January 1, 2022	The amendment as a whole updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.
IFRS 17	Insurance Contracts	January 1, 2023	This is comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005.
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of a liability would not impact its classification.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements
IAS 8	Amendment to definition of accounting estimate	January 1, 2023	This amendments regarding the definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Income taxes	January 1, 2023	This amendment deals with clarification regarding accounting of deferred tax on transactions such as leases and decommissioning obligations
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary.

Management anticipates that these new standards interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

4- Significant accounting judgments, estimates and assumptions

In preparing these financial statements, management has used judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which are the basis for making judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. A revision of accounting estimates is recognized in the period in which the estimates are revised if the revision affects only that period, or in the revision period and future periods if the revision affects both current and future periods.

4- Significant accounting judgments, estimates and assumptions (continued)

Important judgments in applying the Company's accounting policies

The following are the significant judgments, except for the estimations described below made by management in the process of applying the Company's accounting policies that have a material effect on the amounts recognized in the financial statements.

Determine the discount rate to calculate the present value

Discount rates represent the current market assessment of the risks associated with scheduling cash flows, taking into account the time value of money and the individual risks of the underlying assets that have not been included in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company.

Actuarial valuation of employees' defined benefit obligations

The cost of employee end-of-service benefits ("employee benefits") under the defined benefit program is determined using the projected unit credit method. The actuarial valuation involves making various assumptions that may differ from actual developments in the future. These assumptions include determining the discount rate, future salary increases, mortality and employee turnover. Given the complexity of the evaluation and its long-term nature; The defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are adjusted on an annual basis, or more frequently, if necessary.

Provision for slow moving inventory

The Company's management determines on the date of the statement of financial position whether there is a decrease in the value of inventory or idle items. The determination of impairment requires making significant decisions involving evaluating factors including the nature of the industry and market conditions.

Useful lives of property, plant and equipment and intangible assets

As explained in Note 5, the Company estimates the useful lives of its property, plant and equipment at the end of each annual reporting period. These estimates are determined after considering the expected usage of the assets or depreciation arising from physical use. Management reviews the residual value and useful lives annually and future depreciation charges will be adjusted as management believes that the useful lives differ from previous estimates.

Zakat provision

The management has assessed the zakat position taking into consideration the local zakat legislations, the resolutions issued periodically and the agreements. The interpretation of legislative decrees and agreements is not always clear and requires completion of the assessment by the Zakat, Tax and Customs Authority.

5- Significant accounting policies

5.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current liabilities.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current liabilities.

5.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. 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 Company. 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. Fair value measurement of a non-financial assets takes into account a market participants' ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company 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, 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 and liabilities can be obtained at the measurement date.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly observable (such as prices) or indirectly (derived from prices).

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (unobservable inputs). For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level significant input to the fair value measurement as a whole) at the end of the period. the report. The Company sets policies and procedures for both recurring fair value measurements and non-recurring fair value measurements.

At each reporting date, the Company analyzes changes in the values of assets and liabilities that must be remeasured or revalued in accordance with the Company's accounting policies. For this analysis, the Company verifies the main inputs applied in the last evaluation by matching the information in the evaluation calculation with contracts and other related documents. The Company also compares the change in the fair value of each asset or liability with other external sources to determine whether the change is reasonable. For the purposes of fair value disclosures, the Company 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 described above.

(All amounts are in Saudi Riyals unless otherwise stated)

5- Significant accounting policies (continued)

5.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, except forcapital work in progress which are stated at cost and are not depreciated. Capital work in progress represents costs directly attributable to new projects in progress and is capitalized as property, plant and equipment when the project is completed. However, depreciation of these assets under construction begins when the asset becomes available for use.

Subsequent expenditures are capitalized only if it is probable that the future economic benefits associated with the expenditures will flow to the Company and the amount can be measured reliably.

Finance costs on loans to finance the construction of qualifying assets, if any, are capitalized during the period of time required to complete and prepare the qualifying asset for use.

When parts of property, plant and equipment are cost-significant compared to the total cost of the item, and where such parts/components have a different useful life than other parts and need to be replaced at different intervals, the Company records those parts as individual assets with a specific useful life and depreciates them accordingly. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated from the date that an item of property, plant and equipment is available for use or in respect of self-constructed assets, from the date these assets are ready for use.

Depreciation is calculated on a straight line basis over the useful life of the asset as follows:

Asset classification	**Depreciation rate**
Building	2.5%
Tools and equipment	12.5%
Furniture and fixtures	10%
Computers and tools	12.5% - 25%
Vehicles	25% - 33.3%
Leasehold improvements	20%

If there is an indication that there has been a significant change in the useful life or residual value of an item, future depreciation is revised to reflect the new estimates.

An item of property, plant and equipment and any significant part that is recognized initially is derecognised when it has been disposed of or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Items such as spare parts, auxiliary equipment and servicing equipment, if any, are recognized in accordance with this standard when they meet the definition of property, plant and equipment. Otherwise, these items are classified as inventory.

5.4 Intangible assets

An intangible asset is initially recognized at cost equal to the fair value of the consideration paid at the time the asset was acquired.

Intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated using the straight-line method to allocate the cost of the assets over their useful life.

Intangible assets that do not have a useful life are carried at cost less impairment in value, if any.

Gains and losses on disposal of intangible assets are included in the statement of profit or loss and other comprehensive income.

5 - Significant accounting policies (continued)

5.5 Inventory

Inventories are valued at cost or net realizable value, whichever is lower, and cost is determined on a weighted average basis. The cost of finished and semi-finished goods includes the cost of raw materials, labor and indirect industrial expenses that contribute to converting raw materials into a final product. Net realizable value consists of the estimated selling price in the ordinary course of business, less incremental production costs to complete it and any other costs required to make the sale. The Company reviews the carrying amount of inventories on a regular basis. When necessary, inventories are written down to their net realizable value or provision is made for obsolescence if there is a change in the usage pattern or physical form of the related inventories.

Management estimates the net realizable value of inventory, considering the most reliable evidence at the time the estimates are used and making a provision for obsolete inventory. These estimates take into account changes in demand for goods, changes in technology, and fluctuations in quality and prices. Accordingly, the Company considers and takes into account these factors in calculating the provision for obsolete, slow moving and obsolete inventory.

Spare parts are valued at cost or net realizable value, whichever is lower. Cost is determined on a weighted average cost basis. The provision for obsolete and slow moving inventory, if any, is estimated at each reporting date.

5.6 Cash and cash equivalents

Cash and cash equivalents include cash in banks and bank deposits that mature within three months or less, if any. It also includes bank overdrafts that are an integral part of the Company's cash management and are likely to fluctuate from overdraft to positive balances.

5.7 Impairment of non-financial assets

At each reporting date, the non-financial assets are reviewed to determine whether there is any indication that those assets have incurred an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of similar assets) is estimated and compared to its carrying amount. If the estimated recoverable amount is less, the carrying amount is reduced to its estimated recoverable amount, and the impairment loss is recognized immediately in the statement of profit or loss and other comprehensive income.

Impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is greater than its fair value less costs of disposal and value in use. The recoverable amount is sensitive to the discount rate used for the (discounted cash flow) model as well as expected future cash flows and the growth rate used for extrapolation purposes.

Similarly at each reporting date, inventory is assessed for any impairment by comparing the carrying amount of each inventory asset (or group of similar assets) to its selling price less costs to complete and sell. If there is a decrease in one of the inventory assets (or a group of similar assets), its carrying amount is reduced to the selling price less costs necessary to complete and sell, and an impairment loss is recognized immediately in the statement of profit or loss and other comprehensive income.

When the impairment loss entry is subsequently reversed, the carrying amount of the asset (or a group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and selling, in the case of inventory), provided that the carrying amount does not increase in excess of the carrying amount that would have been determined had no impairment loss been recognized for those assets for the previous year. The reversal of the impairment loss is recognized immediately in the statement of profit or loss and other comprehensive income.

5.8 Equity reserves

The share capital represents the nominal (nominal) value of the shares that have been issued. Retained earnings include all current and prior period retained earnings. All transactions with the shareholders of the Company are recorded separately within equity.

5.9 Statutory reserve

In accordance with the Company's bye-laws and the Companies Law in the Kingdom of Saudi Arabia, 10% of the net profit for the year is transferred to the statutory reserve until the reserve reaches 30% of the share capital. This reserve is not available for distribution to shareholders. However, it can be used to raise capital after obtaining shareholders approval.

5 - Significant accounting policies (continued)

5.10 Provisions
Provisions are recognized when the Company has an obligation (legal or constructive) at the reporting date as a result of a past event, it is probable that the Company will have an obligation to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that payment will be received and the amount of the receivable can be measured reliably.

5.11 Contingent Liabilities
All potential contingent liabilities For past events that will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that the Company does not fully control or all current liabilities arising from past events but not recognized for the following reasons:

1) There is no possibility that an outflow of external resources inherent in the economic benefits will be required to settle the obligation.
2) The amount of the obligation cannot be measured reliably, they must all be valued at the date of each financial position and disclosed in the Company's financial statements as contingent liabilities.

Assumptions are removed from the statement of financial position when the obligation specified in the contract is discharged, canceled or expires. Loans are classified as a current liability when the remaining maturity date is less than 12 months.

5.12 Zakat
The Company is subject to zakat according to the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Zakat is provided on an accrual basis. Zakat is calculated based on the zakat base or adjusted net income, whichever is higher. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is settled.

5.13 Employees' defined benefit obligations
Short term commitments
Liabilities for wages and salaries, including non-monetary benefits, accrued leave, airfare allowance, children's education allowance, and Furniture and fixtures allowance expected to be fully settled within twelve months after the end of the period in which employees render the related service in respect of employee services until the end of The reporting period is measured at the amounts expected to be paid when the liabilities are settled.

Employees' defined benefit obligations
The liability or asset recognized in the statement of financial position in connection with a defined end-of-service benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method.

The present value of the receivable liability is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are determined in the currency in which the benefits will be paid, and that have terms that approximate the terms of the relevant liability.

Defined benefit costs are categorized as:

Service cost
Service costs include current service and past service is recognized in profit or loss immediately.
Changes in the present value of the defined benefit obligation resulting from plan Adjustments or curtailments are recognized immediately in profit or loss as past service costs.

5 - Significant accounting policies (continued)

5.13 Employees' defined benefit obligations (continued)

Interest cost
The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in the employee benefits account in the statement of profit or loss.

Remeasurement of gains or losses
Remeasurement gains or losses arising from experience adjustments and changes in actuarial assumptions in the period in which they occur are recognized in the statement of comprehensive income.

5.14 Accounts payable and accruals
Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed by suppliers.

5.15 Finance cost
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized over the period of time necessary to complete and prepare the asset for its intended use or sale. Other Finance costs are charged as an expense in the period in which they are incurred and are recorded as 'finance cost'. Financing costs are of the interest and other costs incurred by the Company in connection with the borrowing of funds.

5.16. Revenue recognition
Revenue represents the fair value of the consideration received or receivable for goods sold less returns and trade discounts and volume discounts.

The Company satisfies a performance obligation and recognizes revenue over a period of time if one of the following criteria is met:
a. The Company's performance does not originate with a substitute use of the Company and the Company has an enforceable right to receive payment for performance completed to date.
b. The Company's performance creates or improves an asset that is under the control of the customer when that asset is created or improved.
c. The customer simultaneously receives and benefits from the benefits provided by the Company's performance while the Company is fulfilling the performance.

For performance obligations in which one of the conditions described above is not met, revenue is recognized when the performance obligation is satisfied.

the Company satisfies a performance obligation by delivering the agreed goods or services, it creates a contract asset based on the amount of price that the performance achieves. When the amount of the price received from the customer exceeds the amount of revenue recognized, it gives rise to an obligation under the contract.

Revenue is measured at the fair value of the consideration received or receivable, subject to contractually defined terms of payment and excluding taxes and fees.

Revenue is recognized when it is probable that economic benefits will flow to the Company and the amount of revenue and costs, if applicable, can be measured reliably.

The Company has defined one performance obligation which is to deliver the goods to customers in accordance with the terms of customer contracts. Accordingly, revenue is recognized at the time the performance obligation is satisfied.

Principal vs. Agent Considerations
The Company considers factors such as having primary responsibility for providing the goods, assuming inventory risk, being able to set prices, and whether it is acting as principal or agent when delivering goods to a customer as this will affect whether revenue is recognized on a gross or net basis.

When the above indicators are met, the Company is considered as principal and therefore sales transactions related to the above are recorded on a gross basis. On the contrary, when the above indicators are not met, the Company is considered as the agent and, accordingly, sales transactions are recorded on a net basis.

5 - Significant accounting policies (continued)

5.17. Cost of revenue
Cost of revenue includes the direct costs of sales, including costs of materials, service contracts and overheads that are directly related to revenue .

5.18 . Selling, distribution, general and administrative expenses
Selling, distribution, general and administrative expenses include direct and indirect costs that are not specifically part of cost of revenue. Allocation between cost of revenue and selling, distribution, general and administrative expenses, when required, is made on a consistent basis.

5.19 . Earnings per share (EPS)
The Company presents basic and diluted earnings per share (if any) per common share. Basic EPS is calculated from net profit or loss by dividing the profit or loss attributable to the Company's common stockholders by the weighted average number of common shares outstanding during the year, adjusted by the number of common shares repurchased or issued during the year. Diluted earnings per share are adjusted for the profit or loss attributable to the Company's common stockholders and the weighted average number of shares outstanding during the year with the effect of all potentially issued common stock.

5.20. Right -of - use assets and lease liabilities

The Company has recognized assets and liabilities for its operating leases for various types of contracts. Each lease payment is distributed between the liabilities and finance cost. The finance cost is charged to the statement of profit or loss and other comprehensive income over the lease term so that a constant periodic interest rate is accrued on the remaining balance of the liability for each period, the right to use the asset is amortized over the useful life of the asset and the lease term, whichever is shorter, based on Fixed installment.

The assets and liabilities arising under the lease are initially measured on a present value basis.

1- Right-of-use assets are measured at cost that includes the following :
- - the initial measurement amount of the lease liability,
- - any direct initial costs, and
- - repair costs.

Right -of - use assets are subsequently measured at cost less accumulated depreciation.

2- The lease liabilities include the net present value of the following lease payments:
- fixed payments (including in substance fixed payments) less any debit rent incentives,
- variable lease payments based on an index or rate,
- Amounts expected to be paid by the lessee under residual value guarantees,
- the exercise price of the purchase option if the lessee is reasonably certain to exercise the option, and
- Payments of fines for termination of the lease, if the lease term reflects the exercise of that option by the lessee.

Lease payments are discounted using the incremental lending rate which is the price the tenant will pay to borrow the money needed to acquire an asset of similar value in a similar economic environment on similar terms and conditions.

Payments for short-term leases and leases of low-value assets on a straight-line basis are recognized as an expense in the statement of profit or loss. Short-term leases are lease contracts with a lease term of twelve months or less, and include low-value assets .

5.21 Value Added Tax (VAT)
Revenues, expenses and assets are recognized after deducting value added tax except for:

Where VAT incurred on the purchase of assets or services is not recoverable from the Zakat, Tax and Customs Authority , in which case the transaction tax is recognized as part of the asset purchase cost or as part of the expense items, where applicable; and accounts receivable and payable that have been included with the transaction tax amount.

The net amount of VAT recoverable from, or payable to the Zakat, Tax and Customs Authority is included as part of accounts receivable or payable in the statement of financial position.

5 - Significant accounting policies (continued)

5.22. Financial instruments

5.22.1 Financial Assets

5.22.1.1. Classification of financial assets

On initial recognition, the financial assets are classified as measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. However, the Company as at the reporting date only held financial assets carried at amortized cost and fair value through profit or loss.

a) Financial assets at amortized cost
A financial asset is measured at amortized cost if it meets the following two conditions and is not designated at fair value through profit or loss:
• Holds assets in a business model whose objective is to hold assets to collect contractual cash flows.
• The contractual terms of the financial assets give rise on specified dates to cash flows that are only payments of principal and dividends on the principal amount receivable.

b) Financial assets at fair value through other comprehensive income
Equity Tools
On initial recognition, for an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes at fair value through other comprehensive income, and this choice is made on the basis of the investment for the investment.

c) Financial assets at fair value through profit or loss
All other financial assets are classified as measured at fair value through profit or loss (eg held-for-trading equity and debt securities not classified as not at amortized cost or at fair value through other comprehensive income).
In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized value, at fair value through other comprehensive income or at fair value through profit or loss if that eliminates or significantly reduces the Accounting mismatches that might otherwise arise.

5.22.1.2. Derecognition of financial assets
A financial asset or part of a financial asset is derecognised when:
1) The right to receive cash flows from the asset has expired, or
2) The Company has transferred its right to receive cash flows from the asset or assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement: and either:
1) The Company has transferred substantially all the risks and rewards of the assets, or
2) The Company neither transfers nor retains substantially all the risks and rewards of the asset and does not retain control of the financial asset

5.22.1.3. Impairment of financial assets
The Company assesses on a forward-looking basis the expected credit losses over the life of its financial assets carried at amortized cost.

The Company applies the simplified approach as permitted by IFRS 9, which requires recognition of expected losses over the life of the initial recognition of receivables.

The Company uses a provision matrix in calculating ECL on receivables to estimate lifetime ECL, with certain provision rates applied to contractual obsolescence sets that are past due. The provision matrix has been developed taking into consideration the probability of default and loss in the event of default which is derived from the historical statements of the Company and has been modified to reflect the expected future outcome and which includes macroeconomic factors.

Other instruments are considered low risk and the Company uses a temporary matrix in calculating expected credit losses.

A financial asset is written off only when:

1) It's overdue, and

2) There is no reasonable expectation of recovery

In the event that financial assets are written off, the Company continues to engage in enforcement activities to attempt to recover outstanding receivables. When recoveries are made, after write-off, they are recognized in the statement of profit or loss.

5 - Significant accounting policies (continued)

5.22. Financial Instruments (continued)

5.22.2. Financial Liabilities

5.22.2.1. Initial recognition
Financial liabilities are initially recognized at fair value and in the case of loans and facilities, the fair value of the consideration received less directly attributable transaction costs.

5.22.2.2. Post measurement
After initial recognition , the financial liability is subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognised, as well as through the amortization process.

5.22.2.3. Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the obligation is discharged, canceled or expires. 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, and the difference in the related carrying amounts is recognized In the profit or loss list.

5.22.3 Financial Instruments Clearing
Financial assets and liabilities are offset and the net amount is recorded in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The right must not be legally enforceable contingent upon future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

5.22.4 Fair value hierarchy of financial instruments
The Company classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in its valuation:

First level
The fair value of financial instruments listed in active markets is based on the closing price quoted at the statement of financial position date. Examples include commodity derivatives and other financial assets such as equity investments and debt securities.

Second Level
The fair value of financial instruments that are not traded in an active market is determined using valuation techniques using observable market data. These valuation methods include discounted cash flows, standard valuation models based on market standards for interest rates, yield curves or foreign exchange rates, dealer rates for similar instruments, and the use of comparable business transactions.

Third level
The fair value of financial instruments that are measured based on the entity's own valuations using inputs not based on observable market data (unobservable inputs).

5.22.5. Effective interest method
The effective interest method is a method of calculating the amortized cost of a financial asset and liability and of allocating interest income and expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where applicable, the period Shorter to net book value on initial recognition.

5.23 Segmental information

The Company's operating segments are identified based on internal reports, which are reviewed regularly by the Company's key operational decision makers (the chief operation decision maker) in order to allocate resources among the segments and to assess their performance.

5 - Significant accounting policies (continued)

5.24 Cash and non-cash dividends to shareholders

Cash or non-cash distributions to shareholders are recognized as liabilities when the distribution is approved, and according to the Companies Law in the Kingdom of Saudi Arabia, dividends are recognized when approved by the shareholders. The amount distributed is deducted directly from equity and recognized as a liability.

5. 25 Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at the spot rates of its functional currency on the date that the transaction qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates for the functional currency at the reporting date.

Differences arising from the settlement or transfer of monetary items are recognized in the statement of profit or loss and other comprehensive income .

5.26 Transactions and balances in foreign currencies

Transactions in foreign currencies are converted into Saudi Riyals using the exchange rate prevailing on the date of the transactions. Foreign exchange gains and losses resulting from the settlement of these transactions and from the re-measurement of monetary items denominated in foreign currency at the exchange rates prevailing at the end of the year are recognized in the statement of profit or loss and other comprehensive income.

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

(All amounts are in Saudi Riyals unless otherwise stated)

6- Property, plant and equipment, net

	2021								2020
	Building	**Tools and equipment**	**Furniture and fixtures**	**Computers and tools**	**Vehicles ***	**Leasehold improvements**	**work in progress**	**Total**	Total
Cost:									
As at the beginning of the year	2,803,014	880,151	738,270	1,160,626	396,983	568,426	70,800	**6,618,270**	5,393,235
Additions	-	2,400	29,552	52,280	-	-	-	**84,232**	1,225,035
As at the end of the year	2,803,014	882,551	767,822	1,212,906	396,983	568,426	70,800	**6,702,502**	6,618,270
Accumulated Depreciation:									
As at the beginning of the year	369,537	714,531	557,147	847,290	226,436	132,633	-	**2,847,574**	2,343,526
Charged during the year (note 22)	70,077	61,937	37,956	105,377	82,370	113,650	-	**471,367**	504,048
As at the end of the year	439,614	776,468	595,103	952,667	308,806	246,283	-	**3,318,941**	2,847,574
Net book value:									
As at 31 December 2021	**2,363,400**	**106,083**	**172,719**	**260,239**	**88,177**	**322,143**	**70,800**	**3,383,561**	
As at 31 December 2020	2,433,477	165,620	181,123	313,336	170,547	435,793	70,800		3,770,696

* During 2020, the Company purchased vehicles amounting to SAR 227,393 through a three years financial lease ending with transfer of ownership. The related lease liability is disclosed in note (8.2).

(All amounts are in Saudi Riyals unless otherwise stated)

7- Intangible assets

Intangible assets represent an accounting system that is still under implementation.

	2021	2020
Cost:		
Balance at the beginning of the year	**78,206**	-
Additions during the year	**57,967**	78,206
write-off during the year (note 22)	**(78,206)**	-
Balance at the end of the year	**57,967**	78,206
Accumulated amortization:		
Balance at the beginning of the year	**-**	-
Charged during the year	**-**	-
Balance at the end of the year	**-**	-
Net book value:		
As at 31 December 2021	**57,967**	
As at 31 December 2020		78,206

8- Right -of- use assets and lease liabilities

8.1 Right-of-use assets

Right-of-use assets related to lease of Company's head office building and land of Sarah Factory for Medical Supplies for a period of 3 and 20 years respectively.

	2021	2020
Cost:		
Balance at the beginning of the year	**1,228,640**	1,228,640
Assets recognized during the year	**-**	-
Balance at the end of the year	**1,228,640**	1,228,640
Accumulated depreciation:		
Balance at the beginning of the year	**288,750**	82,354
Charged during the year (note 22)	**206,565**	206,396
Balance at the end of the year	**495,315**	288,750
Net book value		
Net book value as at 31 December 2021	**733,325**	-
Net book value as at 31 December 2020		939,890

8.2 Lease liabilities

	2021	2020
Lease liabilities as at the beginning of the year	**1,042,472**	991,513
Additions during the year	**-**	227,393
Interest charged during the year	**120,492**	81,963
Paid during the year	**(200,319)**	(258,397)
	962,645	1,042,472

Lease liabilities included in the statement of financial position are as follows:

	31 December 2021	31 December 2020
Non current	**635,023**	720,574
Current	**327,622**	321,898
Total lease liabilities	**962,645**	1,042,472

(All amounts are in Saudi Riyals unless otherwise stated)

9- Investments at fair value through profit or loss

	2021	2020
Balance at the beginning of the year	**-**	6,559,654
Additions during the year	**966,478**	-
Impairment loss	**-**	(2,559,654)
Disposals during the year	**(966,478)**	(4,000,000)
Balance at the end of the year	**-**	-

During 2020, the Company sold its shares in the Warehousing and Logistics Services Company for an amount of SAR 4,000,000. The sale did not result in any profit or loss. Furthermore, the investments in United National Exports Company Ltd. and Shahd Sahara Trading Company Ltd. are under liquidation and the Company was not able to obtain an indicative fair value of the investments, therefore, the investments were fully provided for during the year ended 31 December 2020.

10- Inventory

	31 December 2021	31 December 2020
Sarah's store	**857,669**	861,754
Raw materials	**476,167**	702,765
Granular sulfur	**-**	1,308,884
Foodstuffs	**-**	497,489
Raw sulfur	**-**	313,725
Polymer	**-**	78,670
Goods in transit	**-**	19,682
Total	**1,333,836**	3,782,969
Less:		
Provision for impairment in inventory value	**(1,333,836)**	(330,879)
	-	3,452,090

The movement in the provision for impairment in inventory value is as follows:

	2021	2020
Balance at the beginning of the year	**330,879**	-
Provision for the year (note 22)	**1,046,530**	330,879
Utilized during the year	**(43,573)**	-
Balance at the end of the year	**1,333,836**	330,879

11- Prepayments and other current assets

	31 December 2021	31 December 2020
Refundable Value Added Tax	**2,031,517**	1,518,532
Advance payments to suppliers	**1,381,640**	2,949,363
Margin on Letter of Guarantee	**720,997**	3,908,497
Prepaid expenses	**215,812**	206,565
Employees' receivables	**76,989**	192,660
Others	**25,512**	14,240
	4,452,467	8,789,857

(All amounts are in Saudi Riyals unless otherwise stated)

12- Trade receivables

	31 December 2021	31 December 2020
Gross trade receivables	**12,925,666**	17,480,217
Allowance for expected credit losses *	**(4,882,368)**	(1,839,782)
	8,043,298	15,640,435

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

	2021	2020
At the beginning of the year	**1,839,782**	114,497
Charged for the year	**3,042,586**	1,725,285
At the end of the year	**4,882,368**	1,839,782

The following is an analysis of trade receivables aging:

	31 December 2021	31 December 2020
Up to 3 months	**804,440**	357,262
3 to 6 months	**1,278,810**	-
6 to 12 months	**600,671**	8,454,434
More than a year	**10,241,745**	8,668,521
	12,925,666	17,480,217

13- Cash and cash equivalent

	31 December 2021	31 December 2020
Cash at banks	**7,379,583**	8,470,089
Cash on hand	**100,776**	13,941
	7,480,359	8,484,030

14- Discontinued operations

As disclosed in note (2-1), The results of the operations of the Subsidiary for the current and previous period have been presented in the statement of profit or loss and other comprehensive income as follows:

	2021	2020
General and administrative expenses	**(82,998)**	(284,860)
Loss from operation	**(82,998)**	(284,860)
Loss of discontinued operations	**(82,998)**	(284,860)
Basic and diluted loss per share	**(0.01)**	(0.04)

The net assets of Saudi Industrial Export Company – Jordan amounted to SAR Nil as at 31 December 2021.There is no cash flow for the Saudi Industrial Export Company - Jordan during the year ended 31 December 2021.

15- Share capital

The share capital of the Company as at 31 December 2021 amounted to SAR 64,800,000 (2020: SAR 64,800,000) consisting of 6,480,000 shares (2020: 6,480,000 shares) fully paid and issued shares at a value of 10 Saudi riyals per share.

16- Statutory reserve

In line with the requirements of the Saudi Companies Law, the Company transfers 10% of its profit for the year to a statutory reserve until this reserve reaches 30% of the capital. This reserve is not available for distribution.

(All amounts are in Saudi Riyals unless otherwise stated)

17- Employees' Defined Benefit Obligations

	2021	2020
At the beginning of the year	**335,330**	583,173
Included in profit or loss		
Current service cost	**259,930**	192,068
Included in other comprehensive income		
Actuarial profits from employees' defined benefit obligations	**(109,291)**	(61,948)
Paid benefits	**(61,925)**	(117,088)
Benefits transferred to accrued expenses and other payables	**(9,849)**	(260,875)
At the end of the year	**414,195**	335,330

Actuarial assumptions on employees' defined benefit obligations

The key actuarial assumptions at the reporting date (presented at weighted average) are shown below.

	31 December 2021	31 December 2020
Discount rate	**3.35%**	2.5%
Future salary growth rate	**3.50%**	3.5%

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding the other assumptions constant, would affect the employee's defined benefit obligation by the amounts set out below:

	31 December 2021	31 December 2020
Increase		
Discount rate (1%)	**364,701**	311,154
Future Salary Growth Rate (1%)	**472,770**	362,885
Decrease		
Discount rate (1%)	**473,484**	363,466
Future Salary Growth Rate (1%)	**364,326**	311,154

Although the analysis does not consider the full distribution of cash flows expected under the plan, it does provide a rough estimate of the sensitivity of the assumptions made.

18- Accrued expenses and other payables

	31 December 2021	31 December 2020
Accrued expenses	**2,432,165**	1,895,592
Advance payments from customers	**119,809**	4,001,762
	2,551,974	5,897,354

19- Due to shareholders

	31 December 2021	31 December 2020
Share capital subscription surplus *	**437,136**	437,136
Dividend payable**	**2,369,886**	2,371,662
	2,807,022	2,808,798

* The balance of the share capital's subscription surplus represents the subscription amounts received from eligible shareholders who exercised their right to subscribe to newly issued shares and those entitled to fractional shares. The remaining balance of the surplus is amounted to SR 437,136 as 31 December 2021, because the Company is not able to transfer these amounts due to non-availability of the bank accounts information or its inaccuracy.

** This balance represents dividends payable to the shareholders for the profits of previous years, which the shareholders did not present to receive it until the date of approval of the financial statements.

(All amounts are in Saudi Riyals unless otherwise stated)

20- Zakat

a) Zakat base

	31 December 2021
Adjusted net loss (a)	**(9,502,314)**
Add:	
Share capital	**64,800,000**
Reserves	**642,645**
Provisions	**2,400,493**
Other additions	**5,010,626**
Deduct:	
Property, plant and equipment, net	**(3,441,528)**
Adjusted accumulated losses	**(37,954,378)**
Other deductions	**(733,325)**
Zakat base (b)	**21,222,219**
Zakat (higher of adjusted net profit or the zakat base)	**21,222,219**
Zakat at % 2.577 from the zakat base	**554,423**

b) Zakat provision movement

	2021	2020
At the beginning of the year	**2,280,875**	1,210,736
Previous years adjustments	**394,390**	1,551,149
Provision for the year	**554,423**	900,000
Paid during the year	**(1,996,427)**	(1,381,010)
At the end of the year	**1,233,261**	2,280,875

c) Zakat status of the Company

The Company submitted its zakat returns to the ZATCA through to the years ended on 31 December 2020 and obtained a certificate valid until 29 Ramadan 1443 H corresponding to 30 April 2022. The Company received letters of adjustment for zakat assessments for the years 2014 to 2020. The value of the zakat differences amounted to SAR 3,396,669, the Company paid an amount of SAR 1,678,204 during the year. The Company's management believes that the outcome of the objections will be in its favour, with regard to the above assessments.

d) VAT status of the Company

The Company received letters of adjustment for value-added tax assessments from the ZATCA for periods during the years 2018 and 2019, the tax differences amounted to SAR 7,450,790 and fines amounted to SAR 15,990,785. The Company submitted an objection request to the General Secretariat of the Tax Committees, which is still in progress as at financial statements date. The Company's management believes that the outcome of the objections will be in its favour, with regard to the above assessments.

21- Cost of revenue

	2021	2020 (Restated, Note 28)
Material cost	**12,204,148**	27,672,184
Customs and clearance fees	**1,432,357**	2,563,927
Packaging	**188,887**	-
Utilities	**14,916**	60,903
Maintenance	**8,427**	143,193
Examination and analysis	**-**	92,344
Bank charges and fees	**-**	61,885
Other	**173,284**	68,552
	14,022,019	30,662,988

(All amounts are in Saudi Riyals unless otherwise stated)

22- General and administrative expenses

	2021	2020
Employee salaries and benefits	**6,139,418**	4,360,002
Professional fees	**3,676,482**	1,060,515
Provision for slow moving inventory (note 10)	**1,046,530**	330,879
Board remuneration (note 24)	**887,808**	769,754
Rent	**653,664**	627,851
Governmental fees	**549,733**	693,093
Depreciation of property, plant and equipment (note 6)	**471,367**	504,048
Board of Directors attendance allowance (note 24)	**312,000**	174,000
Depreciation of right-of-use assets (note 8)	**206,565**	206,396
Electricity, water and telephone	**140,422**	128,411
Writ-off intangible assets (note 7)	**78,206**	-
Bank fees	**52,548**	28,709
Office supplies	**24,216**	60,412
Repair and maintenance	**21,387**	79,311
Advertising	**12,480**	83,263
Other	**616,393**	1,115,632
	14,889,219	10,222,276

23- Other income

	2021	2020
Gain on disposal of investments at fair value through profit or loss	**1,501,453**	1,816,153
Support services *	**395,467**	-
Rent income	**377,748**	-
Other	**292,229**	104,577
	2,566,897	1,920,730

* This amount related to contract signed during current year with Saudi Exports Development Authority to represents Saudi companies in Republic of Iraq.

24- Compensation of key management personnel

	2021	2020
Committee members' fees and meeting expenses (note 22)	**1,199,808**	943,754
Salaries and benefits of key management personnel	**1,592,656**	1,702,479

Compensation for key management personnel consists of salaries, benefits, and defined benefit obligations for senior management in addition to remuneration for board members.

(All amounts are in Saudi Riyals unless otherwise stated)

25 - Basic and diluted loss per share

	2021	2020
Loss from Continuing Operations	**(14,800,174)**	(13,181,964)
Weighted average number of ordinary shares	**6,480,000**	6,480,000
	(2.28)	(2.03)

Basic loss per share is calculated by dividing the loss for the year from continuing operations attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share is calculated by dividing the loss for the year from continuing operations attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the year after adjusting for the effect of all dilutive potential ordinary shares. There were no potentially dilutive shares outstanding at any time during the year ended 31 December 2021 and the year ended 31 December 2020.

26- Segment information

A segment is a separate and distinct part of a company that is engaged in business activities from which it earns revenue or incurs expenses. Operating segments are disclosed on the basis of internal reports that are reviewed by the CEO, who is the person responsible for allocating resources, evaluating performance and making strategic decisions about operating segments. Operating segments with similar economic characteristics, products, services and categories of customers are grouped and recorded whenever possible as reportable segments in accordance with IFRS 8 Operating Segments.

Basis of division

For administrative purposes, the Company arranges its business through business units on the basis of segments. The following are the segments activities:

1- Export from inside and outside the Kingdom, most of the Company's export operations are carried out from the Kingdom of Saudi Arabia to the Middle East, Asia and Africa.

2- Production and sale of medical supplies.

The business segments have been identified on the basis of internal reports that are presented to the CFO regularly to upload resources to the segments and evaluate their performance "management approach". The management approach depends on the way in which management organizes business segments within the Company in order to make operational decisions and evaluate performance. At the end of each financial year, management actively reviews the segments for both the quantities and the characteristics of the revenues and expenses presentation in those segments.

Below is a summary of some of the selected financial information according to the above-mentioned operating segments:

	31 December 2021		
	Export	**Medical**	**Total**
Revenues	**15,395,924**	**260,134**	**15,656,058**
Loss of Continuing Operations	**(13,923,496)**	**(876,678)**	**(14,800,174)**
Total current assets	**18,841,596**	**1,134,528**	**19,976,124**
Total current liabilities	**10,045,622**	**93,709**	**10,139,331**

	31 December 2020		
	Export	Medical	Total
Revenues	32,049,093	551,528	32,600,621
Loss of Continuing Operations	(11,830,926)	(1,351,038)	(13,181,964)
Total current assets	34,828,825	1,537,587	36,366,412
Total current liabilities	11,936,223	426,768	12,362,991

The Saudi Industrial Export Company - Jordan was excluded from the segment information because it did not conduct commercial activities and is under liquidation (Note 14).

26- Sectoral information (continued)

Geographic information

Revenue	2021	2020
Export	**14,881,838**	20,986,850
Local	**774,220**	11,613,771
Total revenue according to Statement of profit or loss and other comprehensive income	**15,656,058**	32,600,621

above revenue information is determined based on the location of customers.

27- Financial instruments - risk management

The Company's principal financial liabilities consist of trade payables, accrued expenses and other current liabilities, Due to shareholders. The Company's principal financial assets consist of trade receivables, other receivables, cash and cash equivalents. The main financial risks arising from the Company's financial instruments are market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk. Management reviews and aligns policies to manage those risks.

27.1 Market risk

Market risk is the risk of fluctuation in a financial instrument due to changes in prices prevailing in the market, such as foreign exchange rates and interest rates, which affect the Company's income or the value of its financial instruments. Market risk management aims to manage and control market risk exposures within acceptable parameters, while maximizing returns. There has been no change in the Company's exposure to market risks or the way in which such risks are managed and how they are measured.

27.1.1 Interest rate risk

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. Management monitors changes in interest rates and believes that the cash flow and interest rate risks to the fair value of the Company are immaterial.

Accounts receivable and payable to the Company carried at amortized cost are not subject to interest rate risk as defined in IFRS 7 as the carrying value or future cash flows do not change due to a change in market interest rates. Thus, the Company is not exposed to fair value interest rate risk.

27.1.2 Foreign exchange risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when future business transactions, assets and liabilities are denominated in a currency other than the Saudi Riyal. The Company's exposure to foreign currency risk is limited to the Company's transactions in US dollars and UAE dirhams. Management believes that its exposure to foreign currency risk is limited as the Saudi Riyal and the UAE Dirham are pegged to the US Dollar.

Management monitors the risks of fluctuations in exchange rates closely and on an ongoing basis, and based on its experience and market reactions, management does not believe that it is necessary to hedge against foreign exchange risks as most of the foreign currency risks are relatively limited in the medium term.

27.2 Credit risk

Credit risk is the risk that one party will not be able to fulfill its obligations, causing financial losses to the other party. The Company has no significant concentration of credit risk. Cash and cash equivalents are deposited with local banks with high credit ratings. Accounts receivable and other receivables are mainly due from customers in the local market and are stated at their estimated collectible value. The Company has policies in place to reduce its exposure to credit risk. The carrying amounts of financial assets represent the maximum credit risk.

27.3 Liquidity risk

It is the risk that the Company will encounter difficulties in obtaining the financing necessary to meet obligations associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at a value close to its fair value. Liquidity risk is managed through regular monitoring of the adequacy of available liquidity to meet the Company's financial obligations. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities as they fall due, under normal and adopted conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

(All amounts are in Saudi Riyals unless otherwise stated)

27- Financial instruments and risk management (continued)

27.3 Liquidity risk (continued)

The following table summarizes the Company's financial liabilities into relevant maturity groups 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.

31 December 2021	**Book value**	**less than one year**	**1 - 5 years**	**More than 5 years**
Trade payables	**3,219,452**	**3,219,452**	**--**	**--**
Accrued expenses and other payables	**2,551,974**	**2,551,974**	**--**	**--**
	5,771,426	**5,771,426**	**--**	**--**

31 December 2020	Book value	less than one year	1 - 5 years	More than 5 years
Trade payables	1,054,066	1,054,066	--	--
Accrued expenses and other payables	5,897,354	5,897,354	--	--
	6,951,420	6,951,420	--	--

The Company's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business.

27.4 Commodity price risk

These are the risks associated with changes in the prices of some commodities that the Company is exposed to from an undesirable impact on the Company's costs and cash flows. These risks arise in the prices of basic goods from the expected purchases of some goods from the raw materials used by the Company.

27.5 Capital management

The policy of the Board of Directors is to maintain an effective capital base to maintain investor, creditor and market confidence and to support future development For the work of the Board of Directors, the Board of Directors monitors the return on capital employed and the level of dividends for ordinary shareholders.

The Company's objectives when managing capital are:

a) protect the entity's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to stakeholders others; And the

b) To provide an adequate return to the shareholders.

(All amounts are in Saudi Riyals unless otherwise stated)

27- Financial instruments and risk management (continued)

27.6 fair value

The following tables show the book value and fair value of the Company's financial assets and financial liabilities, including the levels of the fair value hierarchy. For financial assets and liabilities that are not measured at fair value and have a short-term maturity, it is assumed that the book value approximates its fair value and therefore It does not include fair value information for these financial instruments. It includes cash and cash equivalents, trade receivables, advance payments and other assets, trade payables and other creditors.

	Book value			**Fair value**			
As on 31 December 2021	**Financial assets at fair value through other comprehensive income**	**Amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets							
Prepayments and other current assets	--	**4,452,467**	**4,452,467**	--	--	--	--
Trade receivables	--	**8,043,298**	**8,043,298**	--	--	--	--
Cash and cash equivalent	--	**7,480,359**	**7,480,359**	--	--	--	--
	--	**19,976,124**	**19,976,124**	--	--	--	--
Financial liabilities							
Trade payables	--	**3,219,452**	**3,219,452**	--	--	--	--
Accrued expenses and other payables	--	**2,551,974**	**2,551,974**	--	--	--	--
Due to shareholders		**2,807,022**	**2,807,022**	--	--	--	--
	--	**8,578,448**	**8,578,448**	--	--	--	--

	Book value			Fair value			
As on 31 December 2020	Financial assets at fair value through other comprehensive income	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Prepayments and other current assets	--	8,789,857	8,789,857	--	--	--	--
Trade receivables	--	15,640,435	15,640,435	--	--	--	--
Cash and cash equivalent	--	8,484,030	8,484,030	--	--	--	--
	--	32,914,322	32,914,322	--	--	--	--
Financial liabilities							
Trade payables	--	1,054,066	1,054,066	--	--	--	--
Accrued expenses and other payables	--	5,897,354	5,897,354	--	--	--	--
Due to shareholders	--	2,808,798	2,808,798	--	--	--	--
	--	9,760,218	9,760,218	--	--	--	--

(All amounts are in Saudi Riyals unless otherwise stated)

28- Restatements and reclassification

During the year, the Company's management conducted a detailed study and review to assess the Company's relationship in relation to its contracts with customers as principal or agent in accordance with IFRS 15 - Revenue from Contracts with Customers; and as a result, the balances of some contracts previously classified as principal and which should have been classified as an agent, have been modified to conform with IFRS 15. Accordingly, during the current period, the management made these adjustments by reconciling the relevant accounts retroactively. Accordingly, the comparative figures appearing in the financial statements were restated as follows:

	Balance at 31 December 2020 As previously stated	Restatements	Reclassification	Balance at 31 December 2020 After Adjustments
Statement of profit or loss and other comprehensive income				
Revenues	36,635,391	(4,034,770)		**32,600,621**
Revenue cost	(35,028,637)	4,034,770	330,879	**(30,662,988)**
General and administrative expenses	(9,891,397)	-	(330,879)	**(10,222,276)**

In addition, during the year, the Company has reclassified certain balances as set out below, which management considers to be a more accurate presentation and reflects its nature related. Such reclassifications have no effect on previously reported net loss or accumulated losses.

	As previously stated	Reclassified amounts	Reclassification amount
Statement of financial position			
Prepayments and other current assets	7,594,828	**8,789,857**	1,195,029
Zakat provision	1,085,846	**2,280,875**	1,195,029

29- Commitments and Contingent liabilities

There are cases instituted against the Company with approximately total financial claims amounting to SAR 7 million (2020: approximately SAR 9.9 million), for which no final judgments have been issued until the date of the financial statements. In addition, there is assessments raised by ZATCA in relation to Company's submitted zakat and VAT returns for which the Company has submitted an objection requests as disclosed in note 20. The Company's management believes that such cases will not have any impact on the financial position of the Company and the results of its operations.

There are letters of guarantee issued by the Company with a value of SAR 720,997 and Letters of credit with a value of SAR Nil (31 December 2020: SAR 3,908,497, the value of letters of credit).

30- Events after the reporting period

- Subsequent to the year ended, the CMA approved the Company's request to reduce its share capital from SAR 64.8 million to SAR 21.6 million and thus reduce the number of shares from 6,480,000 shares to 2,160,000 shares to restructure the capital and absorption of accumulated losses of the Company. On 15 February 2022, the Extraordinary General Assembly agreed to reduce the Company's share capital, and the legal procedures were completed and the Company's share capital was amended.
- On 17 March 2022, the Company obtained the regulatory approval from the Capital Market Authority to increase the share capital via rights- issue amounting to SAR 172.8 million. The rights- issue is subject to approval by the Company's extraordinary general assembly.
- On 10 March 2022, the Company announced that it had reached a settlement of previously written-off receivables amounting to SAR 20,013,942 from Company's former customers in Ethiopia. The financial impact will be reflected in the financial statements upon receipt.

31- Approval of the financial statements

The financial statements for the year ended 31 December 2021 were approved by the Company's board of directors on 3 Ramadan 1443 AH corresponding to 4 April 2022.