SAUDI AUTOMOTIVE SERVICES CO. (SASCO)
(A Saudi Joint Stock Company)

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

Crowe

Al Azem, Al Sudairy, Al Shaikh & Partners
CPA's & Consultants - Member Crowe Global

SAUDI AUTOMOTIVE SERVICES CO. (SASCO)
(A Saudi Joint Stock Company)
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS
SAUDI AUTOMOTIVE SERVICES COMPANY. (SASCO)
(A Saudi Joint Stock Company)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Saudi Automotive Services Company (SASCO) (the "Company") and its Subsidiaries (Collectively the "GROUP"),** which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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 consolidated financial statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated 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.

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INDEPENDENT AUDITOR'S REPORT *(continued)*
SAUDI AUTOMOTIVE SERVICES COMPANY (SASCO)
(A Saudi Joint Stock Company)

Key Audit Matters

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

Revenue recognition	
Key audit matter	**How our audit addressed the key audit matter**
Revenue was considered one of the main matters for review, given that revenue is the main component of the Group's business, and there are potential risks of fraud and error related to the recognition of revenue in accordance with the international standards of auditing approved in the Kingdom of Saudi Arabia, and that the group provides different types of products, and a huge number of transactions are carried out on a daily basis, revenue is recognized through automated systems.	We have designed auditing procedures to deal with this key matter through a preliminary risk assessment procedure that includes identifying risks and related assurances by understanding the nature of the company's activity and its environment and documenting and evaluating the revenue accounting system covering activities, operations and internal revenue control related to performance of monitoring and performance checks, A major control procedure was tested to ensure the design, implementation and enforcement of internal control procedures. Analytical procedures were also applied. Our IT specialist also participated in the understanding and evaluation of the revenue-related IT system and testing the accuracy of data and reports issued by IT systems. Then, our audit controls were designed according to the results of the risk assessment procedures. We have verified on a test basis, of the invoices issued by the group, and we have implemented detailed analytical procedures to understand that the reasons for the variance in revenue compared to the last year had a rationale for the business, that the revenue recognition criteria that the group adopts for all major revenue sources are appropriate and in line with accounting policies disclosed in the consolidated financial statements.
Refer to note (3) for the accounting policy and note (23) for related disclosures.	

INDEPENDENT AUDITOR'S REPORT *(continued)*
SAUDI AUTOMOTIVE SERVICES COMPANY (SASCO)
(A Saudi Joint Stock Company)
Key Audit Matters ***(continued)***

Expected Credit Loss	
Key audit matter	**How our audit addressed the key audit matter**
As at 31 December 2021, the Group's accounts receivable balance amounted to SR 169.7million (2020:SR 125.7million), and the provision of expected credit losses on Dec 31,2021 SR 14 million (2020: SR 12.3 million) The Group assesses at each reporting date whether the accounts receivable are impaired. Management has applied an Expected Credit Loss ("ECL") model to determine the appropriate allowance for impairment loss. Further, the Group performs an assessment based on a defined policy for certain categories of customers. The determination of allowance for expected credit losses of accounts receivable is based on certain assumptions that relate mainly to risk of default and expected loss rates. The Group applies judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, market conditions, as well as forward looking estimates. We considered this as a key audit matter due to the level of judgment applied and estimates made in the application of the ECL model and the assessment of allowance for expected credit losses.	Our audit procedures performed included, among others, the following: • Obtained an understanding of the process used by management in determining the allowance for expected credit losses of accounts receivable. • Assessed significant assumptions used in the ECL model's calculation such as; forward-looking factors (that reflect the impact of future events) and macroeconomic variables that are used to determine the allowance for expected credit losses. • Tested the completeness and mathematical accuracy of the ECL model. • Assessed the assumptions used by management in connection to the determination of allowance for expected credit losses for certain customers' categories. • Tested, on a sample basis, the calculation performed by management of allowance for expected credit losses for these categories of customers. • Assessed the adequacy of the relevant disclosures included in the consolidated financial statements.
Refer to note (3) for the accounting policy and note (12) for related disclosures.	

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INDEPENDENT AUDITOR'S REPORT *(continued)*
SAUDI AUTOMOTIVE SERVICES COMPANY (SASCO)
(A Saudi Joint Stock Company)

Other Information

Management is responsible for the other information in it's annual report. The other information comprises the information included in the group's annual report but does not include the consolidated financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report and conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, Regulations for Companies and Group's By laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Groups 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 Groups or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs that are 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 consolidated financial statements.

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

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INDEPENDENT AUDITOR'S REPORT ***(continued)***
SAUDI AUTOMOTIVE SERVICES COMPANY (SASCO)
(A Saudi Joint Stock Company)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements ***(continued)***

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

We communicate with 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 consolidated 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.

العظم والسديري وال الشيخ وشركاؤهم
محاسبون ومراجعون قانونيون
License No 323/11/148
ترخيص رقم ١٤٨/١١/٣٢٣
Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountant R

AlAzem, AlSudairy, AlShaikh & Partners
Certified Public Accountants

Salman B. AlSudairy
License No. 283

6 Shaaban 1443H (9 March 2022)
Riyadh, Kingdom of Saudi Arabia

SAUDI AUTOMOTIVE SERVICES CO. (SASCO)
(A Saudi Joint Stock Company)

Consolidated statement of financial position
AS AT DECEMBER 31, 2021

	Note	31 December 2021 SR	31 December 2020 (Adjusted) SR
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment, net	6	1,296,793,466	1,189,816,370
Good will	7	4,308,993	4,308,993
Intangible assets, net	8	2,233,990	2,945,345
Projects under progress	9	72,337,037	65,744,738
Investments at fair value through other comprehensive income	10	187,448,198	186,661,451
Right of use assets, net	11	1,253,692,217	1,188,763,013
TOTAL NON CURRENT ASSETS		2,816,813,901	2,638,239,910
CURRENT ASSETS			
Inventory, net	14	51,580,925	42,171,818
Account receivable, Prepaid expense and other assets	12	249,563,015	201,641,811
Investments at fair value through profit or loss	15	125,445	275,766
Cash and cash equivalents	16	154,748,750	104,284,916
TOTAL CURRENT ASSETS		456,018,135	348,374,311
TOTAL ASSETS		3,272,832,036	2,986,614,221
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	1	600,000,000	600,000,000
Statutory reserve	22	65,559,289	60,474,991
Retained earnings		17,522,636	15,575,005
Accumulated changes for investments at fair value through other comprehensive income	10	128,854,625	128,699,734
TOTAL SHAREHOLDERS' EQUITY		811,936,550	804,749,730
LIABILITIES			
NON CURRENT LIABILITES			
Murabahat Financing & long term loans	17	537,429,979	532,475,838
Lease Liabilities – non current portion	11	1,174,429,630	1,105,697,343
Employees' defined benefits obligations	20	20,537,754	17,854,415
TOTAL NON CURRENT LIABILITIES		1,732,397,363	1,656,027,596
CURRENT LIABILITIES			
Murabahat Financing & short term loans	17	5,000,000	99,406,444
Current portion of murabahat & long term loans	17	76,808,250	34,995,499
Dividends payable	19	58,244,837	45,613,389
Accounts payables, accrued expenses and other liabilities	18	454,643,296	239,526,846
Lease Liabilities – current portion	11	127,497,968	100,708,904
Zakat provision	21	6,303,772	5,585,813
TOTAL CURRENT LIABILITIES		728,498,123	525,836,895
TOTAL LIABILITIES		2,460,895,486	2,181,864,491
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,272,832,036	2,986,614,221

Islam khairi	Riyadh Bin Saleh Al malik	Sultan Bin mohammad al-hudaithi
Chief Financial Officer	Chief executive Officer	Vice chairman and managing directors

The accompany notes from (1) to (35) are integrated part of these consolidated financial statements.

SAUDI AUTOMOTIVE SERVICES CO. (SASCO)
(A Saudi Joint Stock Company)

Consolidated statement of profit or loss and other comprehensive income
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	*2021* SR	*2020 (Adjusted)* SR
Revenue	23	4,061,642,625	2,136,241,724
Cost of revenue		(3,909,537,944)	(1,985,986,469)
GROSS PROFIT		152,104,681	150,255,255
Selling and marketing expenses		(2,642,077)	(2,328,178)
General and administration expenses	24	(50,628,176)	(43,591,615)
NET PROFIT FOR THE YEAR FROM MAIN OPERATIONS		98,834,428	104,335,462
Financing charges	25	(50,034,324)	(46,203,837)
Provision of expected credit losses		(1,725,000)	(20,947,427)
Adverse for provision of prepaid and other assets		-	1,701,468
Dividends from investments at fair value through other comprehensive income		5,116,000	4,116,758
Un-realized gain on Investments at fair value through profit or loss		1,322	7,174
Realized gain on Investments at fair value through profit or loss		1,885,950	-
Other income, net	26	377,936	2,815,589
NET PROFIT FOR THE YEAR BEFORE ESTIMATED ZAKAT		54,456,312	45,825,187
Estimated zakat	21	(3,613,333)	(5,696,537)
NET PROFIT FOR THE YEAR		50,842,979	40,128,650
OTHER COMPREHENSIVE INCOME			
ITEMS NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS			
Actuarial losses from re-measurement of employees' defined benefits obligations		(1,811,050)	(2,720,116)
Net change in fair value of Investments measured at fair value through other comprehensive income		154,891	1,851,934
NET OTHER COMPREHENSIVE (LOSS) \ INCOME FOR THE YEAR		(1,656,159)	(868,182)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		49,186,820	39,260,468
Earnings per share from:	30		
Net profit for the year from main operations		1,65	1,74
Net profit for the year		0.85	0,67

Islam khairi	Riyadh Bin Saleh Al malik	Sultan Bin mohammad al-hudaithi
Chief Financial Officer	Chief executive Officer	Vice chairman and managing directors

The accompany notes from (1) to (35) are integrated part of these consolidated financial statements.

SAUDI AUTOMOTIVE SERVICES CO. (SASCO)
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	Share Capital SAR	Statutory Reserve SAR	Retained Earnings SAR	Accumulated changes for investments at fair value through other comprehensive income SAR	Total Shareholders' Equity SAR
As at January 1, 2020	1	600,000,000	56,462,126	66,179,336	126,847,800	849,489,262
Dividends distributed		-	-	(60,000,000)	-	(60,000,000)
Net profit for the year		-	-	40,128,650		40,128,650
Other comprehensive loss		-	-	(2,720,116)	1,851,934	(868,182)
Total comprehensive income		-	-	37,408,534	1,851,934	39,260,468
Interim dividends declared		-	-	(24,000,000)	-	(24,000,000)
Transfer to statutory reserve		-	4,012,865	(4,012,865)	-	-
As at December 31, 2020 *(Adjusted)*		600,000,000	60,474,991	15,575,005	128,699,734	804,749,730
Dividends distributed	31	-	-	**(12,000,000)**	-	**(12,000,000)**
Net profit for the year		-	-	**50,842,979**	-	**50,842,979**
Other comprehensive loss		-	-	**(1,811,050)**	**154,891**	**(1,656,159)**
Total comprehensive income		-	-	**49,031,929**	**154,891**	**49,186,820**
Interim dividends declared	31	-	-	**(30,000,000)**	-	**(30,000,000)**
Transfer to statutory reserve		-	**5,084,298**	**(5,084,298)**	-	-
As at December 31, 2021		**600,000,000**	**65,559,289**	**17,522,636**	**128,854,625**	**811,936,550**

Islam khairi	Riyadh Bin Saleh Al malik	Sultan Bin mohammad al-hudaithi
Chief Financial Officer	Chief executive Officer	Vice chairman and managing directors

The accompany notes from (1) to (35) are integrated part of these consolidated financial statements.

SAUDI AUTOMOTIVE SERVICES CO. (SASCO)
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES	SR	SR
Net profit before for the year	50,842,979	40,128,650
Adjustment for reconciling net profit for the year to net cash provided by operating activities:		
Depreciation of property, plant and equipment	65,443,729	53,020,954
Depreciation of right of use asset	101,458,140	89,253,842
Amortization of intangible assets	1,335,816	1,312,498
Charged from provision for expected credit losses	1,725,000	20,947,427
Adverse from provision for impairment in prepaid expenses and other assets		(1,701,468)
Un-realized gain on Investments at fair value through profit or loss	(1,322)	(7,174)
Realized gain on Investments at fair value through profit or loss	(1,885,950)	
Financing charges	50,034,324	46,203,837
Charged from employees' defined benefits obligations	2,259,660	3,261,098
Charged from estimated zakat	3,613,333	5,696,537
(Gain) /Loss on sale of property, plant and equipment	(1,476,745)	(1,178,279)
	273,348,964	256,937,922
Changes in operating assets and liabilities		
Account Receivable, Prepaid expense and other assets	(49,646,204)	50,703,826
Inventory	(9,409,107)	15,286,574
Accounts payables, accrued expenses and other liabilities	215,116,450	21,323,713
Financing charges paid	(50,034,324)	(46,203,837)
Estimated zakat paid	(2,895,374)	(4,723,144)
Employees' defined benefits obligations paid	(1,387,371)	(2,887,800)
Net cash provided by operating activities	375,093,034	290,437,254
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from sale of investments at fair value through profit or loss	2,037,593	-
Cash paid for purchase of investments at fair value through profit or loss	(631,857)	-
Additions to property, plant and equipment	(58,535,594)	(73,172,403)
Proceed from sale of property, plant and equipment	6,132,241	
Additions to capital work in progress	(125,133,026)	(81,777,322)
Additions to intangible assets	(624,461)	(1,932,300)
Net cash used in investing activities	(176,755,104)	(156,882,035)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in murabahat & loans	(47,639,552)	85,708,862
Lease liabilities	(70,865,992)	(100,729,365)
Net change in dividends payable	12,631,448	4,731,744
Dividends paid	(42,000,000)	(84,000,000)
Net cash used in financing activities	(147,874,096)	(94,288,759)
Net changes in cash and cash equivalents	50,463,834	39,266,460
Cash and cash equivalents balances, beginning of the year	104,284,916	65,018,456
cash and cash equivalents balances, end of year	154,748,750	104,284,916
Non cash item		
Transferred from capital work in progress to property, plant and equipment	118,540,727	74,503,652
Actuarial losses from re-measurement of defined benefits obligations	1,811,050	2,720,116
Un-realized gain from re-measurement of investments at fair value through profit or loss	154,891	1,851,934

Islam khairi	Riyadh Bin Saleh Al malik	Sultan Bin mohammad al-hudaithi
Chief Financial Officer	Chief executive Officer	Vice chairman and managing directors

The accompany notes from (1) to (35) are integrated part of these consolidated financial statements.

1) ORGANISATION AND ACTIVITIES

A- The Saudi Automotive Services Company (SASCO), a Saudi joint stock company under Ministerial Resolution No. (563) dated 23 Dhu al-Hijjah 1402 H corresponding to October 12, 1982 , was established in the city of Riyadh under the Commercial Registration No. 1010054361 and the date of Rajab 28 1404 H corresponding to April 30, 1984.

B- The main activity of the group is to provide services to cars and travellers by establishing central workshops to provide the highest level of maintenance and repair and establishing a network of car service stations, as well as providing restrooms and restaurants, importing and selling foodstuffs, drinks, refreshments and raw materials required for this, importing cars and spare parts of all kinds for the group's business And trading in them after obtaining the necessary licenses, and carrying out all types of contracting for the establishment, management, maintenance and operation of residential and commercial buildings, contracts for maintenance operations of cars and equipment for individuals and companies, and participation with bodies or companies that carry out works similar to their work or merge them with them or establish subsidiary companies owned by them or with Others.

C- Share capital of the company is SAR 600 million, consisting of 60,000 fully paid ordinary shares with a per value of SAR 10 (December 31, 2020: 600 million Saudi riyals).

D- The head office of the Group is located at the following address:
Saudi Automotive Services Company (SASCO)
Riyadh - Al-Malaz Al-Ahsa Street, the intersection of Al-Ahsa with Omar bin Abdulaziz
Kingdom of Saudi Arabia

E - The consolidated financial statements as of December 31, 2021 AD include the financial statements of the following subsidiaries:

The name of the subsidiary company	The main activity of the subsidiary	ownership percentage % Direct and indirect
Fleet Transportation Company	Transporting goods and equipment for a fee on land roads under the license of the Ministry of Transport No. 010111046000 and the expiration date is 5/3/1440 AH.	100%
Saudi Automobile Club Company	Participation in local and international clubs for cars and motorcycles, local and international associations and bodies interested in car and motorcycle affairs, issuance of customs transit books (Triptik) and international driving licenses, establishing, managing, maintaining and operating motorsports and motorbike circuits, holding races and events for motorsports and motorcycles, and participating in races and events.	100%
Automobile and Equipment Investment Limited Company	Establishing workshops for the repair of cars, heavy equipment, car service stations and travelers on the main roads between the cities of the Kingdom to provide fuel, oils and maintenance for cars and heavy equipment, establish rest houses, motels and restaurants, provide meals, drinks and refreshments for travelers, wash and lubricate cars and equipment, import and sell equipment and tools, and construct roads and bridges.	100%
The First Palm Company	General contracting of buildings (construction, repair, demolition, restoration), erection, management, maintenance and operation of residential and commercial buildings and road works.	100%
Sasco Palm Company	Import and sale of food, beverages, refreshments and equipment.	100%
Sasco Oasis Company	Hotels.	100%
Zaiti Petroleum Services Company	Establishment, management and operation of fuel stations.	100%
Sasco Investment franchise company	Manufacturing industries and their branches according to industrial licenses, business and financial services and services Other, Trade and Information Technology.	100%
Amlak Nakhla Real Estate Company	Buying and selling land and real estate, renting real estate and leasing owned and rented real estate	100%
North Front Real Estate Company	Buying and selling land and real estate, renting real estate and leasing owned and rented real estate	

1) ORGANISATION AND ACTIVITIES (CONTINUED)

F- The accompanying consolidated financial statements include the assets, liabilities and results of the main commercial register business and all the following subsidiary registers:

Number	Number of commercial register	Name of branch	City
1	1010671614	Branch of the Saudi Automotive Services Company (SASCO)	Riyadh
2	1010671615	Branch of the Saudi Automotive Services Company (SASCO)	Riyadh
3	1010681876	Branch of the Saudi Automotive Services Company (SASCO)	Riyadh
4	1010950315	Branch of the Saudi Automotive Services Company (SASCO)	Riyadh
5	1128184243	Branch of the Saudi Automotive Services Company (SASCO)	Onaizah
6	1131306676	Branch of the Saudi Automotive Services Company (SASCO)	Buraydah
7	2031100039	Branch of the Saudi Automotive Services Company (SASCO)	Al-ahsa
8	2050093628	Branch of the Saudi Automotive Services Company (SASCO)	Dammam
9	2055123121	Branch of the Saudi Automotive Services Company (SASCO)	Jubail
10	2511108346	Branch of the Saudi Automotive Services Company (SASCO)	Hafar Al Batin
11	3550122825	Branch of the Saudi Automotive Services Company (SASCO)	Tabuk
12	4030254775	Branch of the Saudi Automotive Services Company (SASCO)	jaddah
13	4030308874	Branch of the Saudi Automotive Services Company (SASCO)	Jaddah
14	4031216803	Branch of the Saudi Automotive Services Company (SASCO)	Macca
15	4032229606	Branch of the Saudi Automotive Services Company (SASCO)	taif
16	4650202976	Branch of the Saudi Automotive Services Company (SASCO)	Madina El Monawara
17	5850121385	Branch of the Saudi Automotive Services Company (SASCO)	abha
18	5900126408	Branch of the Saudi Automotive Services Company (SASCO)	Jizan
19	1010682929	Sasco Palm Branch Company	Riyadh
20	2050112261	Sasco Palm Branch Company	Dammam
21	2055025642	Sasco Palm Branch Company	Jubail
22	4030370735	Sasco Palm Branch Company	Jaddah
23	4031233620	Sasco Palm Branch Company	macca
24	4032239487	Sasco Palm Branch Company	taif
25	4628100065	Sasco Palm Branch Company	Madina El Monawara
26	5850125954	Sasco Palm Branch Company	abha
27	1011012857	Branch of Zaiti Petroleum Services Company	Al-kharj
28	1128010283	Branch of Zaiti Petroleum Services Company	Onaizah
29	1131030559	Branch of Zaiti Petroleum Services Company	Buraydah
30	5850029530	Branch of Zaiti Petroleum Services Company	abha
31	2031102449	Branch of Waha Sasco Company	Al-ahsa

2) BASIS FOR PREPARING CONSOLIDATED FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and the other standards and publications approved by the Saudi Organization for Certified Public Accountants.

The Capital Market Authority issued a decision of the Board of Commissioners on Muharram 15, 1438H, corresponding to October 16, 2016, requiring listed companies to apply the cost model when measuring property and equipment assets, investment properties and intangible assets when adopting IFRS for a period of 3 years starting from the date of adopting IFRSs. And, on December 31, 2020, until the financial periods for the year beginning on January 1, 2022, were extended, while continuing to adhere to the disclosure requirements of International Financial Reporting Standards approved in the Kingdom of Saudi Arabia, which require or encourage disclosure of fair value.

The current liabilities of the company exceeded its current assets by an amount of 272,479,988 Saudi riyals. However, the management and members of the board of directors expect the company's ability to obtain sufficient cash flows to meet its continuing obligations and reschedule the payment. These financial statements have been prepared in accordance with the going concern principle.

2- 1 Basis of measurement

The consolidated financial statements have been prepared on the historical cost and accrual basis of accounting except for the following.

- Investments at fair value through profit or loss that are measured at fair value.
- Defined employee benefit obligations that are recognized at the present value of future liabilities using the projected unit credit method.

2-2 the functional and presentation currency

The financial statements are shown in Saudi riyals, which represents the company's functional currency.

2-3 Use of estimates, assumptions and judgments

Preparing the consolidated financial statements in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia requires management to set estimates, assumptions and judgments that affect the application of accounting policies and the declared amounts of assets, liabilities, revenues and expenses. These estimates and associated assumptions and judgments are based on past experience and many other factors that are believed to be reasonable under the current circumstances, and whose results form the basis for making judgments about the book value of assets and liabilities that are not easily evident from their sources. Actual results may differ from these estimates.

Estimates, assumptions and related judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognized on a prospective basis.

The following are estimates, assumptions and judgments that are subject to material risks that may lead to a material adjustment to the carrying values of assets and liabilities during subsequent financial years:

A- Impairment in the value of non-financial assets

The Group evaluates at the reporting date the asset whether there is any indication that the asset is impaired. If any such indication exists, the company makes an estimate of the asset's recoverable amount. The recoverable value of an asset is the fair value of the asset less costs to sell and its value in use, whichever is higher. In assessing value in use, the estimated future cash flows of the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs to sell, recent market transactions are taken into consideration. If the asset's recoverable amount is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of profit or loss.

If the impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised value of the recoverable amount, but only to the extent that the revised value does not exceed the carrying amount that would have been determined in the absence of an impairment loss in the carrying amount of the asset at previous years. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss.

2) BASIS FOR PREPARING CONSOLIDATED FINANCIAL STATEMENTS (Continued)

B- Fair value measurement

- Fair value represents the amount may be collected from the asset sale or a boost to convert commitment between knowledgeable parties on the same terms and dealing with others and depends on the fair value measurement of the following conditions:
- In the principal market for the asset or liability, or the most advantageous market for the asset or liability in the absence of a principal market the company should be able to handle through the most advantageous market.
- When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
  Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
- The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.
- Management believes that its estimates and judgments are reasonable and adequate.

C- Provisions

Provisions are recognized when the group has liabilities arising (legal or constructive) from past events, and the repayment of the liabilities is probable and their value can be measured 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 estimated cash flows to settle the present obligation, its carrying amount is the present value of those cash flows. In the event that some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the amount due is recognized as an asset if it is certain that the amount will be recovered and the value of the amount due can be measured reliably.

D- Estimating the useful life of property, machinery and equipment and the residual value

The Group's management determines the estimated useful life of property, plant and equipment for the purpose of calculating depreciation. This estimation is performed after considering the expected usage of the asset or actual obsolescence. The management periodically reviews the estimated useful lives at least annually and the depreciation method to ensure that the method and periods of depreciation are consistent with the expected pattern of the economic benefits of the assets.

2) BASIS FOR PREPARING CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2-3 Use of estimates, assumptions and judgments (Continued)

E- Assumptions for defined employee benefit plan obligations

Post separation benefits represent liabilities that will be settled in the future and require the use of assumptions about the expected liabilities. International Accounting Standard No. 19 "Employee Benefits" requires management to use more assumptions related to variables such as discount rates, rate of compensation increases, return on assets, mortality rates, operating turnover and future health care costs. The group's management performs an actuarial valuation for the liability calculation. Changes in key assumptions could have a significant effect on the expected benefit liability and / or the periodic employee benefit costs incurred.

F- Suppliers' support incentives

The Group management exercise judgment in determining whether suppliers's support incentives are considered part of the purchase price of the product in estimating the recognition of such incentives. The Group would not be entitled to incentives without purchase of goods from suppliers, and therefore highly dependent on the purchase of the products.

G-Provision for slow moving inventory

The Group's management estimates the provision to reduce the inventory value to the net realizable value if the cost of the inventory is not recoverable, if the inventory is damaged or obsolete in whole or in part, or if the selling price is less than the cost or any other factors that cause the recoverable value to fall below the value. Carrying.

H- Zakat

The group is subject to zakat in accordance with the regulations of Zakat,Taz and Customs Authority in the Kingdom of Saudi Arabia, and entitlement to Zakat is recognized and charged to the consolidated statement of profit or loss. Additional zakat liabilities, if any, relating to prior-year assessments are computed by the Authority in the year in which the final assessments are issued.

3) New Standards, Amendment to Standards and Interpretations:

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021.

Amendments to IFRS 7 and IFRS 16 interest rate benchmark reform – Phase 2

The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the International Accounting Standards Board ("IASB") published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted them in preparing these Consolidated Financial Statements.

1. *Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities*

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

3) NEW STANDARDS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS (CONTINUED) (Continued)

2 Amendments to IFRS 3, IAS 16, IAS 37

- *IFRS 3*, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- *IAS 16*, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- *IAS 37*, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

3. Amendments to IAS 1, Practice statement 2 and IAS 8

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

4. Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction.

These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

4) BASIS FOR CONSOLIDATING

These consolidated financial statements include the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in shareholders 'equity and the consolidated statement of cash flows as well as the notes complementing the consolidated financial statements of the group, as they include the assets, liabilities and results of the group's business and its subsidiaries as well. It is shown in note (1). Subsidiaries are companies controlled by a group. The group controls the company when it has the right to various revenues as a result of its participation in the group and its ability to influence these revenues through its control of the group. Subsidiary companies are consolidated from the date on which the group controls the subsidiaries until the cessation of exercising that control.

The group uses the purchase method to account for the consolidation of operations when control is transferred to the group. The cost of an acquisition is measured at the fair value of the assets acquired. The excess of the cost of acquisition plus the fair value of non-controlling interests over the net identifiable assets acquired is recognized as goodwill in the consolidated statement of financial position. Non-controlling interests are measured by the proportion of their share of the net assets of the controlling group at the date of acquisition. The share in profit or loss and net assets not owned by the group are presented, and are presented as a separate item in the consolidated statement of profit or loss and other comprehensive income and within the shareholders' equity in the consolidated statement of other comprehensive income. Both transactions as well as balances and unrealized profits and losses arising from intra-group transactions are eliminated. Accounting policies of subsidiaries are modified when necessary to ensure consistency with the policies adopted by the group. The Group and its subsidiaries prepare their financial statements for the same reporting periods.

5) SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES .

Impairment in value.

A- Financial assets

At each consolidated statement of financial position date, the financial assets' values are reviewed, to determine whether there is any indication that their value is impaired. Financial assets such as receivables and assets that are not impaired individually are assessed for impairment on a collective basis. The objective evidence for the decrease in the value of the accounts receivable portfolio may include the group's past experience with regard to collecting payments, and the increase in the number of late payments that exceed the average borrowing period. It may also include the observed changes in the local and international economic conditions that are correlated with the default of receivables. The carrying value of the financial asset is reduced by the amount of the impairment loss in value directly, for all financial assets except for trade receivables, where the carrying value is reduced through the formation of an allowance account. When a receivable is considered uncollectible, then the amount of the liability and the corresponding amount in the allowance account are written off.

Changes in the carrying value of the provisions account are recognized in the consolidated statement of profit or loss and other comprehensive income.

In relation to equity instruments through other comprehensive income, impairment losses previously recognized through the consolidated statement of profit or loss and other comprehensive income are not reversed. Any increase in the fair value that follows an impairment loss is recognized immediately in the consolidated statement of change in shareholders' equity.

5) **SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

B- Non-financial assets

The Group works at each consolidated statement of financial position date to review the carrying values of its assets to determine if there is any indication that these assets have suffered impairment losses. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the impairment losses (if any). If it is not possible to estimate the recoverable amount of a specific asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset itself belongs. When a reasonable and consistent basis of allocation can be identified, the joint assets are allocated to the cash generating units to which the asset itself belongs. When a reasonable and consistent basis of allocation can be identified, the joint assets are allocated to specific cash generating units, or they are allocated to the smallest group of cash generating units for which a reasonable and consistent basis of allocation can be identified.

The recoverable amount is the fair value of the asset less cost to sell or value in use, whichever is higher.

In the event that the recoverable value of the asset (or cash-generating unit) is estimated to be less than the carrying value, the carrying value of the asset (the cash-generating unit) is reduced to the recoverable value. Impairment losses are recognized directly in the consolidated statement of profit or loss and other comprehensive income, unless the asset is revalued, then the impairment losses are recorded as a reduction from the revaluation provision.

De-recognition
The Group derecognises a financial asset only when the contractual rights related to the receipt of cash flows from the financial asset expire, and substantially all the risks and rewards of ownership have transferred to another entity. In the event that the group does not transfer or substantially retains the risks and benefits of ownership and continues to control the transferred asset, the group recognizes its retained share in the transferred asset and its related liabilities within the amounts expected to be paid. In the event that the group retains substantially all the risks and rewards of ownership of the transferred asset, then the group continues to recognize the financial asset.

Financial instruments
Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.
Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly related to the purchase or issuance of financial assets and liabilities (other than financial assets and liabilities at fair value through the consolidated statement of profit or loss and other comprehensive income) are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, upon initial recognition. Transaction costs that are directly related to the purchase of financial assets and liabilities that are measured at fair value through the consolidated statement of profit or loss and other comprehensive income are recognized directly in the consolidated statement of profit or loss and other comprehensive income.

First: financial assets
Financial assets are classified into the following categories: consolidated financial assets at fair value through profit or loss and other comprehensive income, financial assets at other comprehensive income, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way buying and selling of financial assets is recognized on the basis of the transaction date. As the usual buying or selling operations are purchases or sales of financial assets that require delivery of assets within the timeframe specified by the regulations or custom in the market.

5) SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A- Financial assets at fair value through profit or loss

Financial assets acquired for the purpose of trading are classified through the consolidated statement of profit or loss when they are acquired for the purpose of trading or are selected to be classified as such.

Financial assets are classified at fair value through profit or loss if:

• It is mainly acquired with the intention of selling it in the near future.

• It represents part of a known portfolio of financial instruments managed by the Group and includes an actual pattern of a financial instrument that generates profits in the short term.

• It represents a financial derivative but is not designated or effective as a hedging instrument.

- Financial assets other than those held for trading may be classified as financial assets defined at fair value through the consolidated statement of profit or loss upon initial registration if:

• Such classification would eliminate or significantly reduce any inconsistent measurement or computation that would have resulted if the classification had not been made in this manner.

• The financial asset represents part of a group of financial assets or financial liabilities or both, which are managed and their performance evaluated on the basis of fair value, according to the risk management or investment strategy documented by the group, where information about the group of financial assets or financial liabilities is obtained internally based on This basis.

The financial asset represents part of a contract that contains a derivative that includes one or more financial instruments. International Accounting Standard No. (9) Financial Instruments allows the combined total contract to be classified as financial assets defined at fair value through the consolidated statement of profit or loss.
Financial assets determined at fair value through the consolidated statement of profit or loss are shown at their fair value, and any gain or loss resulting from the revaluation is recognized in the consolidated statement of profit or loss. The net profit or loss includes any dividends or interest accrued from the financial asset and is included in the consolidated statement of profit or loss.

B- Financial assets at fair value through the statement of other comprehensive income

Listed shares owned by the Group that are traded in an active financial market are classified as financial assets - at FVOCI. The Group also owns unlisted equity investments that are not traded in active markets but are also classified as financial assets at fair value through other comprehensive income, because management believes that fair value can be measured reliably. Profits and losses resulting from the change in the fair value are included in the items of other comprehensive income, which are added to the item cumulative changes in the fair value of investments within the shareholders' equity, with the exception of impairment losses, which are included in profits and losses. In the event that the investment is excluded or there is a specific decrease in its value, the profits or losses as a result of its previous evaluation and recognized in the investments revaluation reserve are included in the statement of other comprehensive income.
Any income from dividends from investments in equity instruments is recognized at fair value through other comprehensive income when the right of the company to receive payments for dividends from those investments is established and recognized as income in profits and losses unless the dividends clearly represent a recovery of part of the cost of the investment. Other gains and losses are recognized in other comprehensive income and are never reclassified into profit or loss.

C- Financial assets measured at amortized cost

Accounts receivable, including trade and other receivables, bank balances and cash, are measured at amortized cost using the effective interest method without any impairment loss, which is determined in profit or loss.
Interest income is determined by applying the effective interest rate, except for short-term receivables when the effect of discounting is not significant.

5) SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Second: Financial liabilities

Financial liabilities (including loans and payables) are measured initially and subsequently at amortized cost using the effective interest method.

The Group discontinues recognition of a financial liability when the obligation is discharged, canceled or expires. The difference between the carrying amount of the financial liability eliminated and the amount paid is recognized in the consolidated statement of profit or loss and other comprehensive income.

Effective interest rate method

The effective interest rate method is a method for calculating the amortized cost of a debt instrument and allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash amounts (including all fees and points paid or received, that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts), through the expected life of the debt instrument, or A shorter period - if required - to the net book value upon initial recognition.

Cash and bank balances

Cash and bank balances include bank balances, bank murabaha and other highly liquid investments that are convertible into known cash amounts that mature within three months or less from the date of their purchase.

Accounts receivable

Trade receivables are shown at the original invoice amount less expected credit loss allowance. A provision for expected credit losses is established when there is objective evidence that the Group will not be able to collect the amounts due according to the original terms of the receivables. Bad debts are written off when identified, against the related provisions. The provisions are charged to the consolidated statement of profit or loss. Any subsequent recoveries of accounts receivable amounts previously written off are added to revenue.

Capital business under construction

Capital work in progress is stated at cost and includes cost of construction, equipment and direct overheads. Capital work under construction which will be depreciated by the Group when ready for use is not amortized as it is transferred to property, plant and equipment.

Inventory

Inventory is valued at cost or net realizable value, whichever is lower, cost is determined using the weighted average method, provision for slow moving and sluggish inventory is recorded on the consolidated statement of profit or loss in accordance with the group's policy. Net realizable value represents the estimated selling price in the ordinary course of business minus the estimated costs and the estimated necessary costs to complete and complete the sale.

Suppliers' support incentives

The Group receive additional incentives, including marketing allowances from its suppliers according to the volume of purchases during the year. There are large number of suppliers with varying contractual relationships where significant judgement is required to estimate the incentives which are dependent on the Group's eligibility subject to the achievement of certain contractual conditions and a number of other factors that includes prevailing industry practices, certain promotional activities, continuing supplier relationship, as well as the Group's business performance during the year in terms of annual sales. Such incentives are recognized in accordance with the contracts signed with suppliers and involves estimates that reflect the amount the Group expect to realize based on the on the estimated value of the supplier support incentives.

Goodwill

Goodwill represents the excess of the cost of investments over the fair value of net assets acquired on business combination. Goodwill is evaluated annually to determine the amount of impairment and is recorded at cost less impairment losses. Impairment losses are not reversed after they have been recorded. Gain or loss on disposal of an entity includes the carrying value of the goodwill relating to the entity sold.

If the cost of the investment acquired is less than its fair value on the date of acquisition, then this difference is settled by reducing the fair values of the non-current assets of the acquired group in proportion to its carrying value, except for long-term investments in securities.

5) SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

(i) Recognition and measurement
Items of property and equipment are measured at cost, net of accumulated depreciation and impairment losses.

Cost includes expenditures that are directly related to the acquisition of the asset and any other direct costs associated with bringing the asset into operation for its intended use. The cost of software related to the machine is capitalized within the cost of that machine.

When the useful life of items of property and equipment varies, they are accounted for as items (major components) of that property and equipment.
The gain or loss resulting from the disposal of an item of property and equipment is calculated by comparing the receipts from disposal with the carrying value of these items of property and equipment, and it is recognized net in "other expenses" in the statement of comprehensive income.

(ii) Subsequent costs
The cost of the replaced part of an item of property and equipment is recorded within the book value of that item if it is likely that future economic benefits will flow to the company that lie in that part, in addition to the ability to reliably measure the cost of that part. The daily costs incurred by the company in maintaining and operating property and equipment are recorded in the statement of comprehensive income as incurred.

(iii) Depreciation
Depreciation is recognized on the straight-line method over the estimated useful life of each item of property and equipment. With the exception of lands, do not be consumed.

Items of property and equipment are depreciated from the date they are installed and ready for use, and for internally constructed assets, they are depreciated from the date they are completed and ready for use.

Leasehold improvements are amortized over the lower useful life of the improvement or the term of the lease agreement.

The following are the depreciation rates for the major items of assets:

Description	The ratio %
Buildings	2-3%
Furniture & Fixtures	10%
Cars and trucks	7-20%
Machinery, equipment, trailers and transport mechanisms	10%
Communication devices and phones	25%
Computers	15%
Electrical appliances	10%
Billboards	15%
Building improvements	4% or the lease term, whichever is less
Strategic spare parts	5%

The depreciation method, useful life and residual value are evaluated periodically at the end of each financial year.

5) SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right to use the asset and lease obligations

The Group has recognized new assets and liabilities for its operating leases for various types of contracts, including land and buildings. Each rental payment is apportioned between the liability and the financing cost. The finance cost is charged to the consolidated statement of profit or loss over the lease term so that a constant periodic rate of interest is achieved on the remaining balance of the liability for each period. The right to use the asset is depreciated over the useful life of the asset and the lease term, whichever is shorter, on a straight-line basis.
The assets and liabilities arising from the lease contract are initially measured on a present value basis

1- The right to use assets is measured at cost, which includes the following:

- The amount of the initial measurement of the lease liability, i.e. rental incentives received.
- Any rental payments made on or before the contract commencement date minus.
- Any initial direct costs,
- Renewal costs.
- At cost minus.

Subsequent measurement of the right to use assets is accumulated depreciation.

2- Lease liabilities include the net present value of the following lease payments

- Fixed payments (including fixed payments in substance) minus any debt lease incentives,
- Variable rental payments that are based on an index or rate,
- The amounts expected to be paid by the lessee under the residual value guarantees,
- The price of exercising the option to buy if the lessee is reasonably certain that he will exercise the option, and
- Payments of fines related to the termination of the lease contract, if the lease term reflects the tenant's exercise of that option.

Lease payments are discounted using the incremental borrowing rate, which represents the price that the lessee will pay to borrow the funds needed to obtain an asset at a similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of impaired assets on a straight-line basis are recognized as an expense in the consolidated statement of profit or loss. Short-term leases are leases with a lease period of 12 months or less. They include low-value assets related to short-term leases and leases with his heirs with no intention of renewal. The terms of the lease contracts are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the term of the lease, management considers all facts and circumstances that create an economic incentive to exercise the option of extension, or not to exercise the option to terminate. Extension options are only included in the term of the lease if the lease is fairly firm. When determining the term of the lease contract, management generally takes into account some factors including historical lease periods and business interruption costs required to replace the leased asset.

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

Revenue recognition
Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over the goods or services to a customer.

i) Sale of goods
Revenue is recognised when the control over goods have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

ii) Rendering of services

The Group is involved in providing services related to vehicles inspection and transportation and distribution of refined petroleum products. Revenue from such services is recognised upon completion of services as the duration of services is generally short in nature.

5) **SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue recognition(CONTINUED)

ii) Rental income

Rental income from investment property is recognised as revenue over the term of the lease. Rental income is included in "Other Income".

Other revenue sources

iii) Dividend income

Dividend income is recognized in profit or loss on the date on which the Group's right as to receive payment is established

i) Interest income

Interest income is recorded using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of financial instrument to the gross carrying amount of the financial asset.

In calculating interest income, the EIR is applied to the gross carrying amount of the asset (when the asset is not creditimpaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the EIR to the amortised cost of the financial asset. If the asset is no longer creditimpaired, then the calculation of interest income reverts to the gross basis.

Lease contracts

Leases are classified as finance leases when the risks and benefits of ownership are transferred substantially to the lessee under the terms of the lease contracts, and other types of lease contracts are classified as operating leases.

The group as a lessee

Financing leases that effectively transfer all the significant benefits and risks to property ownership to the Group at the commencement of the lease are capitalized at the fair value on the acquisition date, or if it is lower, at the present value of the minimum lease payments. The lease payments are distributed between the financial burdens and the reduction of the lease obligations in order to achieve a fixed commission rate on the remaining balance of the liabilities. Financial burdens are recognized in finance costs in the statement of profit or loss and other comprehensive income.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the group will acquire the ownership at the end of the lease term, the asset is depreciated during the estimated useful life of the asset or the contract period, whichever is less.

An operating lease is a lease contract that differs from a finance lease. Payments under operating leases are recognized as an operating expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease.

The group is a lessor

Leases in which the Group does not transfer all the risks and rewards of ownership of intrinsic assets are classified as operating leases. Initial direct costs incurred in negotiating and preparing an operating lease contract are added to the book value of the leased asset and are recognized over the lease period on the same basis as the rental income recognition. Contingent rents are recognized as revenue in the year in which they are earned.

Expenses

All direct expenses related to the realization of activity revenues consist of salaries, wages and indirect goods costs charged to the cost of revenues, while selling and marketing expenses include the salaries of sales staff and any other expenses related to selling and marketing for the benefit of the group, and the rest of the expenses are classified under general and administrative expenses, and the expenses are also distributed Common cost of revenue and general and administrative expenses. The joint expenses are allocated on a fixed basis.

Zakat provision

Estimated zakat is an obligation on the group and it is recovered in the consolidated financial statements attached to uploading it to the consolidated statement of profit or loss in accordance with the standard of zakat and the opinion issued by the Saudi Organization for Certified Public Accountants, where it is calculated for an estimated year according to the accrual principle.

Zakat is computed at the end of the year on the basis of the modified consolidated net profit or loss or the Zakat base, whichever is greater, according to the regulations of Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia. The group obtained the approval of the Zakat, Tax and Customs Authority to submit a consolidated zakat declaration for the group.

Differences between the provision and the final assessment are addressed in the year in which the assessment is received.

5) SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The borrowings are classified as a current liability when the remaining maturity is less than 12 months

Employee bonuses

- ***Defined employee benefit plan***

Specific employee benefit plan liabilities are determined using the projected unit cost method with an actuarial valuation performed at the end of each annual financial period, and re-measurement that includes actuarial gains and losses are included in the consolidated statement of financial position while expenses or credits are included in the statement of profit or loss and income. The other comprehensive income is consolidated for the period in which it is incurred. The re-measurement recognized in other comprehensive income is immediately included in retained earnings and is not re-included in profit or loss.

- ***Retirement benefits***

The Group pays retirement contributions for its Saudi employees to the Social Insurance Institution, and represents a defined contribution plan, and the payments are considered expenses when incurred.

- ***Short-term employee bonuses***

The liability for benefits payable to employees in respect of wages and salaries, annual leave and sick leave in the year in which the related service is provided is recognized in the undiscounted amount of the benefits expected to be paid in exchange for that service.

Intangible assets

Intangible assets except for goodwill are measured at cost less accumulated amortization and any impairment losses if any. Intangible assets have been amortized on a straight-line basis over the economic life.

Dividend

Dividend distributions to shareholders of the group are recognized under other liabilities in the group's consolidated financial statements in the period in which the dividends are approved by the shareholders of the group.

Segment information

The business sector represents a group of assets and operations that jointly provide products or services that are subject to risks and returns that differ from those related to other business sectors, which are measured according to the reports used by the CEO and the main decision maker of the group.

The geographical sector is related to providing products in a specific economic environment subject to risks and returns that differ from those related to business sectors in economic environments.

Offsetting

Offsetting the financial assets and liabilities takes place and the net amount is shown in the consolidated statement of financial position when there is a binding legal right to apply the clearing process between these amounts and the group intends to settle on the basis of the net of these amounts, or to recognize the asset and settle the obligation simultaneously.

Foreign currency exchange

Transactions in foreign currency are converted into Saudi riyals at the exchange rates prevailing at the time of the transaction. Monetary assets and liabilities in foreign currencies as at the date of the consolidated balance sheet are converted into Saudi riyals at the rates prevailing at the end of the year. Gains and losses arising from repayments or foreign exchange transfers are included in the consolidated statement of profit and loss and other comprehensive income.

6) PROPERTY, PLANT AND EQUIPMENT, NET

A- property, plant and equipment consists of the following:

	Land SR	*Buildings* SR	*Furniture and fixtures* SR	*vehicles and Trucks* SR	*Machinery, equipment, trailers and transport mechanisms* SR	*Communication devices and phones* SR	*Computers* SR	*Electrical devices* SR	*Billboards* SR	*Lease hold improvement* SR	*Total* SR
Cost:											
As at January 1, 2021	457,057,660	718,041,015	22,952,889	52,858,447	105,769,013	1,629,218	19,401,116	38,969,182	30,025,733	173,089,947	1,619,794,220
Additions	-	280,052	1,029,467	13,194,070	25,681,440	19,380	4,934,684	1,138,792	3,543,831	8,713,878	58,535,594
Transfer from capital work in progress	-	36,400,153	366,881	4,650,000	15,442,399	-	493,517	806,350	2,134,919	58,246,508	118,540,727
Disposals	-	(151,325)	(2,811,614)	(8,271,501)	(7,978,731)	(248,454)	(1,323,250)	(1,675,574)	(1,957,692)	(2,493,783)	(26,911,924)
As at December 31, 2021	457,057,660	754,569,895	21,537,623	62,431,016	138,914,121	1,400,144	23,506,067	39,238,750	33,746,791	237,556,550	1,769,958,617
Accumulated Depreciation:											
As at January 1, 2021	-	233,534,409	15,661,958	27,117,493	48,971,704	1,589,156	11,557,470	21,558,472	17,218,160	52,769,028	429,977,850
Additions	-	23,296,078	1,447,943	4,308,252	11,411,192	34,035	2,516,538	3,649,692	3,920,991	14,859,008	65,443,729
Disposals	-	(126,102)	(2,733,346)	(7,001,115)	(5,314,203)	(248,384)	(960,932)	(1,552,661)	(1,851,329)	(2,468,356)	(22,256,428)
As at December 31, 2021	-	256,704,385	14,376,555	24,424,630	55,068,693	1,374,807	13,113,076	23,655,503	19,287,822	65,159,680	473,165,151
Net book value:											
As at December 31, 2021	457,057,660	497,865,510	7,161,068	38,006,386	83,845,428	25,337	10,392,991	15,583,247	14,458,969	172,396,870	1,296,793,466
As at December 31, 2020	457,057,660	484,506,606	7,290,931	25,740,954	56,797,309	40,062	7,843,646	17,410,710	12,807,573	120,320,919	1,189,816,370

B- The buildings clause includes buildings whose cost in the accounting records is 780,699,481 Saudi riyals (2020: 655.693.614 Saudi riyals) erected on leased lands under operating leases ranging from 5 to 35 years, subject to renewal.

C- The property, machinery and equipment includes lands and buildings, the cost of which in the records amounted to 84,690,849 Saudi riyals (2020: (107.686.159 Saudi riyals) Certificates of ownership of which are mortgaged against the facilities granted to the group by banks.

7) GOODWILL

The goodwill arose through the acquisition of Zaiti Petroleum Services Company during 2015, the following are the balances as at December 31:

	31 December 2021	*31 December 2020*
Zaiti Petroleum Services Company	**4,308,993**	4,308,993

A) Impairment test:

Goodwill is tested annually. Assets are tested for impairment by comparing the book value with the recoverable value, which is determined on the basis of information used in the calculation of the present value that uses expected cash flows based on financial projections approved by senior management for a period of five years.

B) the basic assumptions used in calculating present value

Management based its forecast of sales growth and gross margin on past performance and its expectations regarding developments in the market. The discount rates reflect management's expectations of the specific risks specific to the sector. The related estimates were based on the published information and the price movement of raw materials during the previous periods, which were used as indicators of future price movement. Growth rates were based on industry average rates.

The present value calculation is significantly affected by the assumptions regarding the rate of sales growth and cost of revenue inflation used in extrapolating the five-year post-budget cash flows as well as the factors used in computing the terminal value. The terminal value is calculated using the profitability multiplier.

C) Sensitivity to changes in assumptions

With regard to the estimation of present value, management believes that there are no reasonable potential changes in any of the above basic assumptions that would lead to the carrying value of the unit including goodwill materially exceeding its recoverable amount. The following are the assumptions that result from the changes in the underlying assumptions:

A- Assumptions related to sales growth.
B- Cost of sales.
C- Duplicate the final value

8) INTAINGIBLE ASSETS ,NET

Cost:	*31 December 2021*	*31 December 2020*
	SR	**SR**
As at 1 January	11,562,029	9,629,729
Additions	624,461	1,932,300
As at 31 December	**12,186,490**	11,562,029
Accumulated Amortization:		
As at 1 January	(8,616,684)	(7,304,186)
Additions	(1,335,816)	(1,312,498)
As at 31 December	(9,952,500)	(8,616,684)
Net book value:		
As at 31 December	**2,233,990**	2,945,345

9) PROJECTS UNDER PROGRESS

This item of 72,337,037 Saudi riyals (2020: 65.744.738 Saudi riyals) represents the cost of constructing property and equipment in different regions in the Kingdom of Saudi Arabia, and it is expected to complete these works during the year 2020. The expected cost of these works amounts to 48.5 million Saudi riyals.

The movement in capital work under construction for the year ended December 31 is as follows:

	31 December 2021 SR	*31 December 2020* SR
As at 1 January	**65,744,738**	60,722,302
Additions for the year	**125,133,026**	81,777,332
Transfer to property , plant and equipment (Note 6)	**(118,540,727)**	(76,754,896)
As at 31 December	**72,337,037**	65,744,738

10) INVESTMENT AND ACCUMULATED CHANGES AT FAIR VALUE FOR INVESTMENTS

A- This item consists of the following:

	31 December 2021 SR	*31 December 2020* SR
Investments at fair value through other comprehensive income in shares and shares of non-public traded companies - B	**153,102,536**	153,907,786
Investments at fair value through other comprehensive income in shares and shares of public traded companies - C	**34,345,662**	32,753,665
	187,448,198	186,661,451

B- Investments at fair value through other comprehensive income in shares and shares of non-public traded companies

The group owns shares and stakes in non-public traded companies. During the year 2021 AD, the group contracted with Nawwaf Saleh Muhammad Al-Thunayan Valuation Office. For companies, based on future cash flows, financial analysis, and projected corporate growth rates. The market value of the Middle East Batteries Company has been set at 1,191,824,000 Saudi riyals (2020: 1,186,208,000 Saudi riyals), the National Tourism Company at an amount of 150,902,000 Saudi riyals (2020: 574.106.488 Saudi riyals). The investment is treated using the fair value method, and it is not possible to determine the fair value, so the best way to determine the fair value is cost.

The group's shared are as follows:

As on December 31, 2021:

	Group share	*Valuation value SR*	*The group's share of the cost of the purchase SR*	*The group's share at fair value SR*	*Accumulated Profits / (Losses) Revaluation SR*	*Profits / (Losses) Revaluation SR*
Middle East Batteries Company	*12.79%*	**1,191,824,000**	**26,390,500**	**152,434,290**	**126,043,790**	**718,287**
The National Company for Tourism	**0.36%**	**150,902,000**	**1,500,000**	**543,247**	**(956,753)**	**(1,523,536)**
Racing Company Ltd.	**25%**	-	**125,000**	**125,000**	-	-
		1,342,726,000	**28,015,500**	**153,102,537**	**125,087,037**	**(805,249)**

10) INVESTMENT AND ACCUMULATED CHANGES AT FAIR VALUE FOR INVESTMENTS (CONTINUED)

B- Investments at fair value through other comprehensive income in shares and shares of non-public traded companies (Continued)

As on December 31, 2020:

	Group share	*Valuation value SR*	*The group's share of the cost of the purchase SR*	*The group's share at fair value SR*	*Accumulated Profits / (Losses) Revaluation SR*	*Profits / (Losses) Revaluation SR*
Middle East Batteries Company	12.79%	1,186,208,000	26,390,500	151,716,003	125,325,503	981,376
The National Company for Tourism	0.36%	574,106,488	1,500,000	2,066,783	566,783	1,104,521
Racing Company Ltd.	25%	-	125,000	125,000	-	-
		1,760,314,488	28,015,500	153,907,786	125,892,286	2,085,897

C- Investments at fair value through other comprehensive income in shares, shares and public traded companies

This item represents the value of the group's investment in traded shares, through an investment portfolio in SABB Bank, where the group invested in a number of companies, and the fair value of those investments amounted to 34,345,662 Saudi riyals (2020: 32,753,665 Saudi riyals) and the value of unrealized profits was 960,140 Saudi riyals. On December 31, 2021.

- Among the investment portfolio in SABB Bank, shares in the Saudi Arabian Oil Company, with a fair value of 33,502,320 Saudi riyals (2020: 32,753,665 Saudi riyals), are mortgaged in favor of SABB Bank.

D- The movement in the investment revaluation reserve at FVTOCI as at December 31 is as follows:

	31 December 2021 SR	*31 December 2020* SR
Balance, at the beginning of the year	128,699,734	126,847,800
Movement in fair value of investments in shares and stakes of unquoted companies	(805,249)	2,085,897
Movement in fair value of investments in shares and shares of publicly traded companies	960,140	(233,963)
Balance, at the end of the year	128,854,625	128,699,734

11) RIGHT OF USE ASSETS AND LEASE LIABILITIES

The following table shows the movement during the period on each of the right to use assets and rental liabilities as of December 31, 2021:

	31 December 2021	*31 December 2020*
Cost	SR	SR
As at 1 January	1,516,979,153	1,040,100,916
Additions during the year	203,023,501	519,150,881
Disposals during the year	(72,602,742)	(42,272,644)
As at 31 December	1,647,399,912	1,516,979,153
Accumulated depreciation		
As at 1 January	328,216,140	251,283,597
Charged during the year	101,458,140	89,253,842
Disposals during the year	(35,966,585)	(12,321,299)
As at 31 December	393,707,695	328,216,140
Net book value	1,253,692,217	1,188,763,013

The lease liabilities amounted to at the end of the year as follows:

	31 December 2021	*31 December 2020*
lease liabilities	SR	SR
Current portion	127,497,968	100,708,904
Non-current portion	1,174,429,630	1,105,697,343
Total lease liabilities	1,301,927,598	1,206,406,247

Expenses related to short and low-value leases contracts during the year ended 31 December 2021 amounted to 31,730,247 Saudi riyals.

12)ACCOUNT RECEIVABLE, PREPAID EXPENSE AND OTHER ASSETS, NET

A- This item consists of the following:

	31 December 2021	*31 December 2020*
	SR	SR
Account Receivable fuels and leaseholders-(B)	161,517,728	116,590,272
Trade receivable	8,180,509	9,204,363
Less: Provision for expected credit losses-(C)	(14,054,337)	(12,329,337)
Net	155,643,900	113,465,298
Prepaid from suppliers	37,635,460	34,483,700
Due from related parties (NOTS 13)	50,701	125,372
Advance payment	36,064,162	23,226,186
Staff loans	3,911,007	4,618,031
Prepaid rent	79,902	7,430,626
Insurance-(D)	1,124,249	5,500,379
Customs claims	4,946,929	1,898,423
Letter of guarantees	3,750,000	3,750,000
Others	6,356,705	7,143,796
	249,563,015	201,641,811

12) ACCOUNT RECEIVABLE, PREPAID EXPENSE AND OTHER ASSETS, NET (CONTINUED)

B - The item receivables from fuel clients and renters includes 33% of balances due from government agencies (2020: 23.9%)

C- The movement in Provision for expected credit losses for the year ended 31 December :

	31 December 2021	*31 December 2020*
	SR	SR
As at 1 January	**12,329,337**	7,216,319
Charged during the year	**1,725,000**	20,947,427
Bad debts	-	(15,834,409)
As at 31 December	**14,054,337**	12,329,337

D-The ages of receivables as of December 31 are as follows:

	31 December 2021	*31 December 2020*
	SR	SR
From 1 to 90 days	**83,386,628**	46,046,434
91 to 180 days	**22,105,199**	15,295,332
181 to 360 days	**14,524,668**	19,501,153
More than 360 days	**49,681,742**	44,951,716
	169,698,237	125,794,635

E- The refunded insurance item includes an amount of 3,750,000 Saudi riyals (2020 AD: 3, 750,000 Saudi riyals), which is the value of a cash financial guarantee to meet the payment of customs duties before the General Administration of Sudanese Customs and Yemeni Customs for Saudi cars visiting Sudan and Yemen on customs transit books issued by the SATA Company(One of the subsidiaries.).

13) TRANSACTIONS WITH RELATED PARTIES

The Group conducts business, in the normal course of business, with other companies and individuals within the definition of related parties contained in the International Financial Reporting Standards, and these transactions are carried out in the normal course of business and measured by the values of the transaction prices agreed upon between the two parties, based on free competition, and the absence of Differential rates. The balances outstanding at the end of the year are without guarantee and interest is not calculated on them and they are settled in cash, and no guarantees have been provided or received against any receivables or payables from a related party, and the group has not registered for the year ending on December 31, 2021, December 31, (2020: No There is), any decrease in the value of receivables related to amounts due from related parties, and this evaluation is performed every financial year by examining the financial position of the related party and the market in which this party operates.

During the normal course of business, the Group engaged in multiple material dealings with related parties i.e.: the main shareholders of the company) as described below:

	31 December 2021	*31 December 2020*
	SR	SR
Salaries, allowances and incentives for non-executive board members	**889,000**	926,000
Salaries of senior management employees	**6,561,481**	9,199,430
Purchases from a company owned by a shareholder	-	62,000
Sales to companies owned by a shareholder	**368,682**	305,371
Renting stations from shareholders	**3,100,000**	3,408,000

14) TRANSACTIONS WITH RELATED PARTIES(CONTINUED)

The related party balances are summarized as follows:

	31 December 2021 SR	*31 December 2020* SR
Nahaz Investment Company	14,017	53,035
Star Projects Contracting Company	-	29,830
Al Madaen Star Group Company for Contracting	2,368	24,064
Ibrahim Al-Hadithi Company	3,680	-
Fun Gate Company	4,618	13,042
Zawaya Real Estate Company	26,018	5,401
Amounts due from related parties	50,701	125,372

15) INVENTORIES, NET

This clause consists of the following:

	31 December 2021 SR	*31 December 2020* SR
Petroleum goods and materials	48,187,908	35,312,913
Stock of spare parts and consumables	1,764,882	3,769,882
Customs transit books and international licenses	1,310,050	1,635,015
Other	318,085	1,454,008
	51,580,925	42,171,818

16) INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2021 SR	*31 December 2020* SR
Investments at fair value through profit or loss in investments funds	125,445	275,766
	125,445	275,766

Movement of investments at fair value through profit or loss in investment funds during the year is as follows:

Investments are represented at fair value through profit or loss in investment funds, and the movements in these investments during the year ended December 31 are as follows:

	31 December 2021 SR	*31 December 2020* SR
As at 1 January	275,766	268,592
Additions	705,000,000	-
Disposals	(705,151,643)	-
Changes in fair value	1,322	7,174
As at 31 December	125,445	275,766

17) CASH AND CASH EQUIVALENTS

	31 December 2021 SR	*31 December 2020* SR
Cash on hand	6,597,777	5,963,027
Cash at banks*	148,150,973	98,321,889
	154,748,750	104,284,916

* Balances with banks include an amount of 46,244,837 Saudi riyals (2020: 45.613.389 Saudi riyals) representing cash recorded with banks in return for obligations against shareholders' dues.

17) Murabaha financing and long and short term loans

- Long term loans

Payment: The date of the last installment payment	Payment: The date of the first installment payment	Payment method	Purpose	Non-current portion as of SR December 31, 2021	Non-current portion as of SR December 31, 2020	Current portion as of SR December 31, 2021	Current portion as of SR December 31, 2020	Separated amount SR December 31, 2021	Separated amount SR December 31, 2020	Facility amount SR December 31, 2021	Facility amount SR December 31, 2020	Facility type	Bank
September 21, 2027	March 21, 2021	Semi-annual	To finance the construction of new petrol stations and the renovation of existing ones	**209,893,582**	230,704,888	**42,857,933**	29,605,182	**252,751,515**	260,310,070	**977,000,000**	636,320,000	Long-term revolving securities financing	Riyad Bank
May 19, 2024	06 June 2021	Quarterly	To finance the construction of new petrol stations and the renovation of existing ones	**10,780,635**	16,170,952	**5,390,317**	5,390,317	**16,170,952**	21,561,270	**922,605,961**	557,638,482	Long-term revolving securities financing	SABB Bank
July 23, 2027	July 23, 2022	Semi-annual	To finance the construction of new petrol stations and the renovation of existing ones	**135,000,000**	150,000,000	**15,000,000**	-	**150,000,000**	150,000,000	**150,000,000**	150,000,000	Long-term revolving securities financing	Arab Bank
December 21, 2022	June 30, 2017	Semi-annual	A limit to finance the restoration and construction of the stations	-	135,599,998		-		135,599,998	**165,000,000**	523,200,000	Long-term folios financing	Bank Saudi Fransi
	June 15 2022	Quarterly	A limit to finance the restoration and construction of the stations	**2,369,531**	-		-	**2,369,531**	-	**150,000,000**	100,000,000	Long-term revolving securities financing	Al Jazeera Bank
	July 18, 2023	Semi-annual	A limit to finance the restoration and construction of the stations	**179,386,231**	-	**13,560,000**	-	**192,946,231**	-	**450,000,000**	-	Long-term revolving securities financing	Al Rajhi Bank
				537,429,979	532,475,838	**76,808,250**	34,995,499	**614,238,229**	567,471,338	**2,814,605,961**	1,967,158,482		

- Short-term loans and murabaha

Payment method	Purpose	Current portion as of SR December 31, 2021	Current portion as of SR December 31, 2020	Separated amount SR December 31, 2021	Separated amount SR December 31, 2020	Facility amount SR December 31, 2021	Facility amount SR December 31, 2020	Facility type	Bank
Repayable after 120 days in full from the date of the loan	Aramco bills financing	-	-	-	-	**55,000,000**	55,000,000	Working capital financing	ANB Bank
Pay off in full 365 days from the date of the loan	Working Capital Financing	-	20,000,000	-	20,000,000	**20,000,000**	20,000,000	Working capital financing	Bank Saudi Fransi
Pay off in full 365 days from the date of the loan	Working Capital Financing	**5,000,000**	-	**5,000,000**	-	**5,000,000**	5,000,000	Working capital financing	Al Jazeerah Bank
Pay off in full 360 days from the date of the loan	Aramco bills financing	-	25,692,241	-	25,692,241	**20,000,000**	20,000,000	Working capital financing	Riyad Bank
Pay off in full 360 days from the date of the loan	Documentary credit financing	-	3,714,203	-	3,714,203	**20,000,000**	20,000,000	Working capital financing	Riyad Bank
Repayable after 120 days in full from the date of the loan	Aramco bills financing	-	-	-	-	**75,000,000**	75,000,000	Working capital financing	SABB Bank
Repayable after 120 days in full from the date of the loan	Financing the Public Security Project - Makkah	-	50,000,000	-	50,000,000	**208,000,000**	208,000,000	Working capital financing	SABB Bank
Repayment after the full 240 days from the date of the loan	Financing clients and tenants bills	-	-	-	-	**75,000,000**	75,000,000	Working capital financing	Gulf bank
Pay off in full 365 days from the date of the loan	Aramco bills financing	-	-	-	-	**100,000,000**	-	Working capital financing	Al Rajhi Bank
Pay off in full 365 days from the date of the loan	Aramco bills financing	-	-	-	-	**50,000,000**	50,000,000	Working capital financing	Arab Bank
		5,000,000	99,406,444	**5,000,000**	99,406,444	**628,000,000**	528,000,000		

18) ACCOUNTS PAYABLES, ACCRUED EXPENSES AND OTHER LIABILITIES

	31 December 2021 SR	*31 December 2020* SR
Suppliers of petroleum materials	328,522,564	126,474,243
Unearned revenue	46,144,931	38,525,109
Accrued expenses	22,741,313	14,545,351
Suppliers goods and service	21,561,480	18,810,515
Provision for customs claims	11,333,104	14,068,183
Retentions	16,817,809	7,827,668
Guarantees with other	4,078,940	14,156,909
Accrued VAT	3,094,727	2,478,072
Other	348,428	2,640,796
	454,643,296	239,526,846

19) DIVIDENDS PAYABLE

	31 December 2021 SR	*31 December 2020* SR
Dividend	35,688,357	22,975,130
Shares sold by auction	16,664,860	16,729,039
Subscription surplus - upon incorporation	2,233,950	2,251,550
Capital reduction surpluses	2,119,778	2,119,778
IPO Surplus - the second installment	1,537,892	1,537,892
	58,244,837	45,613,389

20) EMPLOYEES' DEFINED BENEFITS OBLIGATIONS

The following is the movement of defined employee benefit obligations:

	31 December 2021 SR	*31 December 2020* SR
At the beginning of the year	17,854,415	14,761,002
Charged during the year	2,259,660	3,261,097
Re-measure defined employee benefit obligations	1,811,050	2,720,116
Paid during the year	(1,387,371)	(2,887,800)
At the end of the year	20,537,754	17,854,415

The actuarial valuation was performed by Al-Khwarizmi Financial Services Company and performed using the expected credit unit.

The main assumptions used for the purposes of the actuarial valuation were as follows:

	31 December 2021 SR	*31 December 2020* SR
The employee turnover rate	Medium	Medium
Long-term salary increase	%2.7	2%
Discount rate for cash flow	%2.3	2.1%

21) ESTIMATED ZAKAT

A- This item consists of the following:

	31 December 2021 SR	*31 December 2020* SR
The main elements of the Zakat base are as follows:		
Shareholders' equity	664,049,996	767,801,794
Adjusted net income	58,662,574	76,175,479
Additions	2,084,538,729	1,821,989,691
Discounts	(2,816,813,901)	(2,583,382,637)
Net base zakat	(9,562,602)	82,584,327
The Zakat base	58,662,574	82,584,327
	1,466,564	2,070,638

B- The movement in zakat provision as of December 31 is as follows:

	31 December 2021 SR	*31 December 2020* SR
At the beginning of the year	5,585,813	4,572,420
Charged during the year	(2,895,374)	(4,723,144)
Paid during the year	3,613,333	5,696,537
At end of the year	6,303,772	5,585,813

C- Zakat status

- The final assessments of the company were issued on 7/12/2021 for the years from 2014 to 2018, including zakat differences amounting to 12,327,854 Saudi riyals. The company objected to these differences on 3/2/2021. The company's management decided to take a provision of 3.6 million Saudi riyals, based on the opinion of the company's zakin advisors.

- The authority studied the objection and issued an adjusted assessment of partial acceptance only for the year 2015 reducing the assessment only 64,814 riyals and rejecting the objection completely for the rest of the years on 11/4/2021, The Authority's decision was objected to the Separation Committee of the General Secretariat of Tax Committees on 5/23/2021.

- The committee's decision was issued on December 29, 2021 to reject the formal aspect of the objection submitted, because the objection was submitted after the statutory period, as the end of the statutory period was during the blessed Eid al-Fitr holiday, while the filing of cases was after the Eid al-Fitr vacation.

A session of the Separation Committee of the General Secretariat of the Tax Committees for the 2014 lawsuit was scheduled for 04/20/2022.

- The decision of the Separation Committee of the General Secretariat of the Tax Committees was appealed before the Appellate Committee on 17/1/2022, and the Appeal Committee's lawsuit was registered, and thus it will fulfill the formal aspect of the appeal, and we believe that the Appellate Committee will accept our objection to the rejection of the formal aspect of the decision of the Separation Committee's decision to present us with an acceptable excuse. God willing, it is the travel of the responsible employee in the consulting company supervising the objection and the inability to return due to the suspension of flight before submitting the objection to the dismissal committee.

- During the year 2013 AD, the group obtained the approval of the General Authority of Zakat and Income to submit a consolidated zakat declaration for each of the group and its subsidiary companies in accordance with the interest letter No. 19181/16/1437.

- The company has submitted the Zakat decision for the year 2020, and the final assessment has not been issued.

22) STATUTORY RESERVE

According to the Saudi Companies Law, the company must transfer 10% of the net income for the year to the statutory reserve. The company may stop making such transfer when the total reserve reaches 30% of the share capital. This reserve is not available for distribution.

23) REVENUE

	31 December 2021	*31 December 2020*
	SR	SR
Fuel operating income	3,702,237,540	1,750,488,471
Grocery revenue	185,368,841	176,613,615
Rental income	150,273,003	141,459,225
Other	23,763,241	67,680,413
	4,061,642,625	2,136,241,724

24) GENERAL AND ADMINISTRATION EXPENSES

	31 December 2021	*31 December 2020*
	SR	SR
Salaries, wages and employee benefits	32,941,771	24,918,527
Professional fees and consultations	3,573,563	3,591,271
Bank expenses	4,806,522	2,813,365
Depreciation of property, machinery and equipment	1,957,027	2,345,053
Amortization of intangible assets	1,011,176	1,280,072
Provision for customs claims	715,782	331,383
Maintenance expenses	1,265,502	654,886
electricity and water	765,203	712,220
Other	3,591,630	6,944,838
	50,628,176	43,591,615

25) FINANCING CHARGES

	31 December 2021	*31 December 2020*
	SR	SR
Bank interest	3,893,927	6,447,793
Financing charges for right to use assets	46,140,397	39,756,044
	50,034,324	46,203,837

26) OTHER INCOME, NET

	2021	*2020*
	SR	SR
Gain / (Loss) from sale of property, plant and equipment	1,476,745	(1,178,279)
Other	(1,098,809)	3,993,868
	377,936	2,815,589

27) SEGMENTAL INFORMATION

A sector is an essential part of the group that sells / provides specific services (sector / business) or sells / provides services in a specific economic environment, geographical sector) whose profits and losses differ from the profits and losses of other sectors. The group tracks the business sector to report on its segment information.

The group's sectors are as follows:

- The retail and operation sector: includes the activities of operating the stations from the sale of fuel, the sale of food and beverages, and the operation of residential and commercial buildings.
- Investments sector: includes investment activity in other companies and investments in securities.
- The Saudi Automobile Club sector: It is the sector that issues customs transit books, international driving licenses, and sports activities.
- Transport fleet services sector: It is the sector that services the transportation of liquid and dry materials.
- The franchising sector: it is the sector that grants the right to exploit the trademark to SASCO.

The selected segment information is provided by business segment as follows:

	Retaling and operation sector SR	*Investments sector SR*	*Saudi automobile & touring association sector SR*	*Transport fleet services sector SR*	*Franchise sector SASCO SR*	*Joint assets and liabilities sector SR*	*Total SR*
As of 31 December 2021							
Total assets	**3,369,983,972**	**344,270,634**	**31,124,270**	**98,879,767**	**395,884**	**(571,822,491)**	**3,272,832,036**
Total liabilities	**2,613,295,223**	**-**	**13,294,799**	**52,627,851**	**-**	**(218,322,387)**	**2,460,895,486**
Net Revenue	**4,077,824,466**	**-**	**8,508,847**	**38,178,929**	**-**	**(62,869,617)**	**4,061,642,625**
Income from main operations	**89,740,140**	**(200,160)**	**1,210,539**	**8,093,909**	**(10,000)**	**-**	**98,834,428**
As of 31 December 2020							
Total assets	3,021,074,460	338,445,375	34,233,564	47,878,739	405,884	(455,423,801)	2,986,614,221
Total liabilities	2,277,405,679	-	17,205,732	10,161,022	-	(122,907,942)	2,181,864,491
Net Revenue	2,417,453,041	-	3,551,149	29,598,041	-	(314,360,507)	2,136,241,724
Income from main operations	97,391,034	4,047,187	(2,547,791)	5,477,073	(32,041)	-	104,335,462

28) FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND FAIR VALUE

Fair value

The fair value represents the price that could be received as a result of selling an asset or that could be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that a transaction between the asset or a liability transfer takes place that takes place either:

- In the principal market for assets or liabilities, or
- In the absence of a primary market, in the most advantageous market for the assets or liabilities.

The fair value measurement of a non-financial asset takes into account the ability of market participants to achieve economic benefits by using the asset in the best possible way and the highest possible interest, or by selling it to another market participant who will use the asset in the best way and with the highest possible interest.

Fair values are classified into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

First level: the quoted market prices in active markets for the same financial instruments.

Second level: Valuation techniques that depend on inputs that affect the fair value and can be directly or indirectly observable in the market.

Third level: Valuation techniques that depend on inputs that affect the fair value and that cannot be directly or indirectly observed in the market.

As of December 31, 2021	First level	Second level	Third level	Total
Investments through other comprehensive income	34,345,662	152,977,537	125,000	187,448,199
Investments at fair value through profit or loss	125,445	-	-	125,445
	34,471,107	152,977,537	125,000	187,573,644

As of December 31, 2020	First level	Second level	Third level	Total
Investments through other comprehensive income	34,820,448	151,716,003	125,000	186,661,451
Investments at fair value through profit or loss	275,766	-	-	275,766
	35,096,214	151,716,003	125,000	186,937,217

The value shown in the third level reflects the cost of purchasing these assets and not their fair value due to the absence of an active market for them. The Group's management believes that the purchase cost is the most appropriate way to measure the fair value of these assets and that there is no impairment in their value.

Capital risk management

The Group manages its capital to ensure that the Group remains sustainable while obtaining the highest return through an optimum level of debt and equity balances. The group's overall strategy has not changed for the year 2020.

The group's capital structure includes the equity attributable to the group's shareholders, which consists of capital, reserves, fair value reserve and retained earnings as included in the consolidated statement of changes in shareholders 'equity.

28) FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

Financial risk management

The group's activities may be exposed mainly to financial risks resulting from the following:

- Foreign currency risk management

The Group is not exposed to significant risks associated with changing foreign currencies and accordingly there is no need for effective management of this exposure.

- Interest rate risk management

Financial instruments in the consolidated statement of financial position are not subject to interest and interest rate risk.

- Other price risks

The Group is exposed to price risk arising from its equity investments in other companies. The group maintains equity investments in other companies for strategic purposes and is not intended to be traded, and the group does not actively trade in these investments.

- Credit risk management

Credit risk is represented in the failure of one of the parties to a financial instrument contract to fulfill its contractual obligations, which leads to the group incurring financial losses. The group is exposed to credit risk on its bank balances and receivables as follows:

	2021	2020
	SR	SR
Cash and cash equivalents	154,748,750	104,284,916
Accounts receivable, net	169,698,237	125,794,635
	324,446,987	230,079,551

- Liquidity risk management

Liquidity risk is the difficulty that an enterprise will encounter in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value.

Liquidity risk is managed by monitoring it on a regular basis to ensure that the necessary funds are available to meet the future obligations of the group.

29) GEARING RATIO

The Group's Board of Directors reviews the capital structure periodically. As part of this review, the Board of Directors considers the cost of capital and the risks associated with each class of capital and debt. The group's capital structure includes debt through borrowing. The group has not set a maximum debt rate, and the group does not expect an increase in the debt rate through new debt issues during the year 2021.

The gearing ratio at the end of the year is as follows:

	2021	2020
	SR	SR
Loans	619,238,329	666,877,781
Cash and cash equivalents	(154,748,750)	(104,284,916)
Net debt	464,489,579	562,592,865
Shareholders' equity	811,936,550	676,049,996
Net debt / equity	%57.2	%83,2

30) EARNINGS PER SHARE

Basic earnings per share from net profit for the year is calculated by dividing the net profit for the year by the weighted average number of shares outstanding at the end of the year of 60 million shares. Earnings per share from main operations is calculated by dividing the net profit for the year from main operations for the year by the weighted average number of shares outstanding at the end of the year of 60 million shares.

31) PAID DIVIDENDS

-The General Assembly, during its meeting held on June 16, 2021, approved the distribution of cash dividends of 12 million Saudi riyals, which is equivalent to 20 halalas per share.
The assembly decided to give the authorization to the board of directors to distribute interim dividends. Accordingly, the group distributed 30 million Saudi riyals, equivalent to 50 halalas per share.

32) CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group has capital commitments related to the construction of property, machinery and equipment as of December 31, 2021, in an amount of 48,7 million Saudi riyals (2020: 13 million Saudi riyals).
The Group has contingent liabilities relating to bank guarantees as of December 31, 2021, amounting to SR 917 million (2020: SR 429.1 million).
There are some cases brought against the group during the normal business cycle, and they are currently being litigated, but the final outcome of these cases cannot be determined with certainty. The Group's management does not expect that the results of these issues will be material in the consolidated financial statements.

33) SUBSEQUENT EVENTS

Acquisition of Oil Services Company Ltd

On January 25, 2022 AD, the group acquired 80% of the capital of the Oil Services Company Limited for one billion and one hundred million Saudi riyals.

Completion of the acquisition and determination of the date of control is subject to the completion of certain conditions/requirements described in the respective agreement. Which includes certain approvals from the regulatory authorities. These conditions or approvals have not been met up to the date of the financial statements.

34) COMPARAATIVE FIGURES

The management has reclassified some of the comparative figures in line with the current year figures in order to enhance the comparability of the information and to be more suitable for users of the consolidated financial statements, indicating them as follows:

As of December 31,2020	The effect of reclassification		
Statement of financial position	Balance before Re-classification	Re-classification	Balance after Re-classification
Property and equipment	1.186.751.411	3,064,959	1,189,816,370
Intangible assets, net	6.010.304	(3,064,959)	2,945,345

35) Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors on 6 Shaaban 1443H (9 March 2022).