SAUDI RESEARCH AND MARKETING GROUP
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020
Together with the
INDEPENDENT AUDITOR'S REPORT

SAUDI RESEARCH AND MARKETING GROUP
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2020

KPMG Professional Services
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كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent Auditor's Report

To the Shareholders of Saudi Research and Marketing Group (Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Saudi Research and Marketing Company ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising 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 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the 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.

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 period. 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.

Independent Auditor's Report (Continued)

To the Shareholders of Saudi Research and Marketing Group (Saudi Joint Stock Company)

<table>
<tr><th colspan="2">Key Audit Matter (continued)</th></tr>
<tr><td colspan="2">Assessing potential impairment of Goodwill – See note (4-c) to the consolidated financial statements for the accounting policy relating to goodwill and note (7) to the consolidated financial statements for the related disclosures.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group's acquisitions in prior years resulted in SR 369.9 million (2019: SR 369.9 million) of goodwill being recognised, of which SR 359.7 million was allocated to Emirates National Factory for Plastic Industries and SR 10.2 million was allocated to Hala Printing Company.

The management performed an impairment assessment of the goodwill resulted from the acquisition of Emirates National Factory for Plastic Industries and Hala Printing Company.

The preparation of discounted cash flow forecast of the CGUs involves estimating future cash flows, growth rates and discount rates which inherently involves uncertainty due to evolving economic conditions and trends.

We have identified the assessment of potential impairment of goodwill allocated to Emirates National Factory for Plastic Industries and Hala Printing Company as a key audit matter because the year-end assessment performed by management contains certain judgemental assumptions which could be subject to management bias. Furthermore, the assessment involves an element of uncertainty.</td><td>Our audit procedures to assess the potential impairment of goodwill allocated to Emirates National Factory for Plastic Industries and Hala Printing Company included the following:

• Assessing the design and implementation of management's key internal controls which govern the process around assessing potential impairment of goodwill;

• Assessing management's identification of the CGUs and the allocation of assets to the CGUs for the purposes of the impairment assessment;

• Evaluating the assumptions adopted in the preparation of the discounted cash flow forecast, including projected future growth rates for income and expenses and discount rate with reference to our understanding of the business, historical trends and available industry information and market data;

• Engaging our own valuation specialists to assess the methodology adopted by management in its impairment assessment of goodwill allocated to the CGUs with reference to the requirements of the prevailing accounting standards; and

• Performing sensitivity analyses on the key assumptions, included projected profitability and the discount rate, adopted in the discounted cash flow forecast and assessing whether there were any indicators of management bias in the selection of these assumptions.</td></tr>
</table>

Independent Auditor's Report (Continued)

To the Shareholders of Saudi Research and Marketing Group (Saudi Joint Stock Company)

Key Audit Matter (continued)

Assessing potential impairment of Mastheads – See note (4-l) to the consolidated financial statements for the accounting policy relating to Mastheads and note 7 to the consolidated financial statements for the related disclosures.

The key audit matter	How the matter was addressed in our audit
The consolidated financial statements include Mastheads of SAR 172 million as at 31 December 2020 (31 December 2019: SR 202 million). These relate to Intellectual Holding Company for Advertisement and Scientific Works Holding Company. The Company conducts an annual test of impairment in accordance with the requirements of IAS 36 "Impairment of Assets". Determination of the recoverable amount of an asset or cash-generating unit requires the management to make significant assumptions. We considered impairment of intangibles to be a key audit matter due to the high level of estimates and assumptions used in determination of impairment of intangibles.	Our audit procedures to assess the potential impairment of Mastheads include the following: • Assessing the design and implementation of management's key internal controls which govern the process around assessing potential impairment of Mastheads; • Assessing management's identification of the CGUs and the allocation of assets to the CGUs for the purposes of the impairment assessment; • Evaluating the assumptions adopted in the preparation of the discounted cash flow forecast; • Engaging our own valuation specialists to assess the methodology adopted by management in its impairment assessment with reference to the requirements of the prevailing accounting standards; and • Performing sensitivity analyses on the key assumptions adopted in the discounted cash flow forecast and assessing whether there were any indicators of management bias in the selection of these assumptions.

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Independent Auditor's Report (Continued)

To the Shareholders of Saudi Research and Marketing Group (Saudi Joint Stock Company)

Key Audit Matter (continued)	
Revenue recognition – See note (4-e) to the consolidated financial statements for the accounting policy relating to revenue recognition and note 31 to the consolidated financial statements for the related disclosures.	
The key audit matter	**How the matter was addressed in our audit**
During the year ended 31 December 2020, the Group recognised total revenue of SR 2.3 billion (2019: SR 2.4 billion). The Group operates predominantly in three segments: For Public relations and advertising, the Group recognizes revenue over time and on a "stand ready" basis. The performance obligations are stand-ready obligations and that the nature of the promise is that the customer will have access to a good or service. Revenue from Printing and packaging, the Group's sales arrangement is at a point in time. In line with the contracts, goods are delivered which the customer must accept hence, performance obligation is at a point in time. Revenue from publishing is recognised as a performance obligation satisfied at a point in time. Subscription revenue is recognised over time. We have identified revenue recognition as a key audit matter because revenue is one of the Group's performance indicators giving rise to an inherent risk that revenue could be subject to overstatement to meet targets or expectations.	Our audit procedures to assess revenue recognition include the following: • Assessing the design, implementation and operating effectiveness of management's key internal controls which govern the revenue recognition process; • Evaluating the Group's revenue recognition policy; • Evaluating key contractual arrangements with customers; • Testing a sample of revenue transactions during the year and inspecting underlying customer acceptances to assess compliance with the Group's revenue recognition policy • Testing a sample of sales transactions closer to the year-end, where applicable, to assess that the revenue is recorded in the correct period; and • Testing a sample of credit notes post year end.

Independent Auditor's Report (Continued)

To the Shareholders of Saudi Research and Marketing Group (Saudi Joint Stock Company)

Key Audit Matter (continued)	
Assessing potential impairment of Property, plant and equipment – See note (4-K) to the consolidated financial statements for the accounting policy relating to property, plant and equipment and note (5) to the consolidated financial statements for the related disclosures.	
The key audit matter	**How the matter was addressed in our audit**
As at 31 December 2020, the Group's property, plant and equipment amounted to SR 1.1 billion (2019: SR 1.2 billion). The management performed an impairment assessment by comparing the carrying value of property, plant and equipment in Saudi Printing and Packaging Company amounted to SR 785.9 million (2019: SR 824 million) of their cash generating units (CGUs) with their value in use based on discounted cash flow forecasts. The preparation of discounted cash flow forecast of the CGUs involves estimating future cash flows, growth rates and discount rates which inherently involves uncertainty due to evolving economic conditions and trends. We have identified assessing potential impairment of property, plant and equipment as a key audit matter because the year-end assessment performed by management contains certain judgemental assumptions which could be subject to management bias. Furthermore, the assessment involves an element of uncertainty.	Our audit procedures to assess the potential impairment of property, plant and equipment included the following: • Assessing the design and implementation of management's key internal controls which govern the process around assessing potential impairment of property, plant and equipment; • Assessing management's identification of the CGUs and the allocation of assets to the CGUs for the purposes of the impairment assessment; • Evaluating the assumptions adopted in the preparation of the discounted cash flow forecast, including projected future growth rates for income and expenses and discount rate with reference to our understanding of the business, historical trends and available industry information and market data; • Engaging our own valuation specialists to assess the methodology adopted by management in its impairment assessment of property, plant and equipment with reference to the requirements of the prevailing accounting standards; and • Performing sensitivity analyses on the key assumptions, included projected profitability and the discount rate, adopted in the discounted cash flow forecast and assessing whether there were any indicators of management bias in the selection of these assumptions.

Independent Auditor's Report (Continued)

To the Shareholders of Saudi Research and Marketing Group (Saudi Joint Stock Company)

<table>
<tr><th colspan="2">Key Audit Matter (continued)</th></tr>
<tr><td colspan="2">Compliance with debt covenants – See note (17) to the consolidated financial statements for the disclosure pertaining to compliance with debt covenants.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group has various current and non-current Loans and Murabaha, amounting to SR 943 million (2019: SR 1 billion).

These Loans and Murabaha are subject to covenants from the lenders. In case a debt covenant is breached, the lenders have the right to recall these Loans and Murabaha.

We have identified compliance with debt covenants as a key audit matter because a breach of covenants may impact the classification of the Loans and Murabaha. Furthermore, this may have a pervasive impact on the consolidated financial statements.</td><td>Our audit procedures to assess compliance with debt covenants include the following:

• Assessing the design and implementation of management's key internal controls around process covering compliance with debt covenants;

• Evaluating Loans and Murabaha arrangement with the lenders;

• Recalculating the covenants as applicable to assess compliance with debt covenants;

• Communicating with the lenders to assess management's conclusion on compliance with debt covenants; and

• Obtaining a waiver in case of an event of breach.</td></tr>
</table>

Independent Auditor's Report (Continued)

To the Shareholders of Saudi Research and Marketing Group (Saudi Joint Stock Company)

Key Audit Matter (continued)	
Assessing allowance for impairment on trade receivables – See note (4-G) to the consolidated financial statements for the accounting policy relating to trade receivables and note (11) to the consolidated financial statements for the related disclosures.	
The key audit matter	**How the matter was addressed in our audit**
As at 31 December 2020, the Group recognised an allowance of impairment on trade receivables of SR 212 million (2019: SR 203 million). The Group's allowance of impairment on trade receivables are based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions. All of which involve a significant degree of management judgement. We have identified allowance of impairment on trade receivables as a key audit matter because recognition of loss allowance is inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias.	Our audit procedures to assess allowance of impairment on trade receivables included the following: • Assessing the design and implementation of management's key controls relating to credit control, debt collection and estimation of expected credit losses; • Assessing, on a sample basis, whether items in the trade debtors' ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation, which included sales invoices and goods delivery notes; • Obtaining an understanding of the key parameters and assumptions of the expected credit loss model adopted by the management, including historical default data and management's estimated loss rates; • Assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information; and • Inspecting, on a sample basis, cash receipts from customers subsequent to the financial year end relating to trade receivables balances as at 31 December 2020 with bank statements and relevant remittance documentation.

Independent Auditor's Report (Continued)

To the Shareholders of Saudi Research and Marketing Group (Saudi Joint Stock Company)

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 1 Sha'ban 1441H (corresponding to 25 March 2020).

Other Information

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

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

In connection with our audit of the 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, when made available to us, if we 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 IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company'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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Audit Committee, 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 International Standards on Auditing 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 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

Independent Auditor's Report (Continued)

To the Shareholders of Saudi Research and Marketing Group (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's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then 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 of Saudi Research and Marketing Company and its subsidiaries.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services

Fahad Mubark Al Dossari
License No.: 469

Riyadh, 21 Sha'ban 1442H
Corresponding to: 3 April 2021

SAUDI RESEARCH AND MARKETING GROUP
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2020
(Expressed in Saudi Riyal)

	Notes	**31 December 2020**	31 December 2019
Assets			
Non-current assets			
Property, plant and equipment, net	*(5)*	**1,060,345,123**	1,163,764,433
Intangible assets and goodwill, net	*(7)*	**887,572,726**	901,885,550
Investment properties	*(6)*	**26,110,491**	26,250,384
Financial assets at fair value through other comprehensive income (FVOCI)	*(9)*	**1,139,499,770**	1,067,217,505
Right-of-use assets	*(8)*	**105,152,316**	74,882,307
Total non-current assets		**3,218,680,426**	3,234,000,179
Current assets			
Inventories, net	*(10)*	**175,117,734**	187,263,509
Financial assets at fair value through profit or loss (FVPL)	*(9)*	**241,211,454**	277,958,112
Trade receivables, net	*(11)*	**1,208,784,432**	1,379,529,098
Prepayments and other current assets	*(12)*	**189,908,007**	143,237,120
Cash and cash equivalents	*(13)*	**387,700,102**	547,861,036
Total current assets		**2,202,721,729**	2,535,848,875
Total assets		**5,421,402,155**	5,769,849,054
Equity			
Share capital	*(14)*	**800,000,000**	800,000,000
Statutory reserve	*(15)*	**240,000,000**	224,830,534
General reserve	*(16)*	**67,547,177**	67,547,177
Retained earnings		**418,084,308**	189,476,330
Other reserves		**1,847,320**	(44,466,958)
Equity attributable to shareholders of the Parent Company		**1,527,478,805**	1,237,387,083
Non-controlling interests		**241,803,062**	249,730,461
Total equity		**1,769,281,867**	1,487,117,544
Liabilities			
Non-current liabilities			
Murabaha financing and borrowings	*(17)*	**387,023,410**	471,794,576
Employees' defined benefit obligations	*(19)*	**121,523,760**	132,034,356
Trade payables	*(20)*	**142,651,173**	180,817,320
Contract liabilities	*(18)*	**1,047,252,865**	1,670,038,389
Lease liability	*(8)*	**95,487,995**	74,744,123
Deferred government grant		**-**	8,361,425
Total non-current liabilities		**1,793,939,203**	2,537,790,189
Current liabilities			
Murabaha financing and borrowings	*(17)*	**556,531,447**	532,484,067
Trade payables	*(20)*	**279,064,177**	283,283,213
Contract liabilities	*(18)*	**711,852,136**	640,457,305
Accrued expenses and other current liabilities	*(21)*	**165,942,088**	188,172,989
Customer deposits		**8,653,500**	12,484,926
Lease liability	*(8)*	**26,177,350**	12,291,101
Zakat and income tax provision	*(22)*	**109,960,387**	75,767,720
Total current liabilities		**1,858,181,085**	1,744,941,321
Total liabilities		**3,652,120,288**	4,282,731,510
Total equity and liabilities		**5,421,402,155**	5,769,849,054

Group Financial Controller	CEO	Chairman
Ahmed Al Shaer	Jomana al-Rashid	Abdulrahman Al Rowaita

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements

SAUDI RESEARCH AND MARKETING GROUP
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Saudi Riyal)

	Notes	**2020**	2019
Revenues	*(31)*	**2,260,093,956**	2,409,642,933
Cost of revenues	*(23)*	**(1,485,416,130)**	(1,683,957,107)
Gross profit		**774,677,826**	725,685,826
Other income, net	*(27)*	**26,726,044**	20,380,938
Selling, marketing and distribution expenses	*(24)*	**(74,956,923)**	(82,660,014)
General and administrative expenses	*(25)*	**(300,048,657)**	(294,307,774)
Impairment loss on trade receivables	*(11)*	**(12,068,988)**	(10,288,015)
Impairment loss on intangible assets	*(7)*	**(42,800,000)**	(27,735,191)
Operating profit		**371,529,302**	331,075,770
Finance cost	*(26)*	**(69,965,392)**	(84,311,647)
Finance income	*(26)*	**4,330,761**	19,993,413
Net finance costs		**(65,634,631)**	(64,318,234)
Profit before zakat and income tax from continuing operations		**305,894,671**	266,757,536
Zakat and income tax	*(22)*	**(78,103,335)**	(42,079,687)
Profit for the year		**227,791,336**	224,677,849
Profit attributable to:			
Shareholders of the parent Company		**245,646,777**	246,115,214
Non-controlling interests		**(17,855,441)**	(21,437,365)
Earnings per share:			
Basic and diluted earnings per share from net income for the year attributable to equity holders of the parent company	*(28)*	**3.07**	3.08

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statement.

SAUDI RESEARCH AND MARKETING GROUP
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Saudi Riyal)

	Notes	**2020**	2019
Profit for the year		**227,791,336**	224,677,849
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit liability		**(2,244,080)**	(2,407,339)
Financial assets at FVOCI – net change in fair value		**45,428,400**	(4,354,953)
		43,184,320	(6,762,292)
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences		**898,667**	(10,749,637)
		898,667	(10,749,637)
Total other comprehensive income / (loss) for the year		**44,082,987**	(17,511,929)
Total comprehensive income for the year		**271,874,323**	207,165,920
Profit attributable to:			
Owners of the Company		**290,091,722**	226,479,727
Non-controlling interests		**(18,217,399)**	(19,313,807)

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements

SAUDI RESEARCH AND MARKETING GROUP
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Saudi Riyal)

				Other reserves					
	Share capital SR	Statutory reserve SR	General reserve SR	Translation reserve SR	fair value of financial assets SR	Retained earnings (Accumulated losses) SR	Total SR	Non-controlling interests SR	Total equity SR
As of 1 January 2019	800,000,000	203,777,609	67,547,177	(12,409,387)	(16,980,718)	(31,027,325)	1,010,907,356	257,774,268	1,268,681,624
Net change in non-controlling interests	-	-	-	-	-	-	-	11,270,000	11,270,000
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	246,115,214	246,115,214	(21,437,365)	224,677,849
Other comprehensive income for the year	-	-	-	(10,721,900)	(4,354,953)	(4,558,634)	(19,635,487)	2,123,558	(17,511,929)
Total comprehensive income for the year	-	-	-	(10,721,900)	(4,354,953)	241,556,580	226,479,727	(19,313,807)	207,165,920
Transferred to Statutory reserve	-	21,052,925	-	-	-	(21,052,925)	-	-	-
As of 31 December 2019	800,000,000	224,830,534	67,547,177	(23,131,287)	(21,335,671)	189,476,330	1,237,387,083	249,730,461	1,487,117,544
Net change in non-controlling interests	-	-	-	-	-	-	-	**10,290,000**	**10,290,000**
Total comprehensive income for the period									
Profit for the year	-	-	-	-	-	**245,646,777**	**245,646,777**	**(17,855,441)**	**227,791,336**
Other comprehensive income for the year	-	-	-	**885,878**	**45,428,400**	**(1,869,333)**	**44,444,945**	**(361,958)**	**44,082,987**
Total comprehensive income for the year				**885,878**	**45,428,400**	**243,777,444**	**290,091,722**	**(18,217,399)**	**271,874,323**
Transferred to Statutory reserve	-	**15,169,466**	-	-	-	**(15,169,466)**	-	-	-
As of 31 December 2020	**800,000,000**	**240,000,000**	**67,547,177**	**(22,245,409)**	**24,092,729**	**418,084,308**	**1,527,478,805**	**241,803,062**	**1,769,281,867**

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements

SAUDI RESEARCH AND MARKETING GROUP
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Saudi Riyal)

CASH FLOWS FROM OPERATING ACTIVITIES	*Notes*	2020	2019
Profit for the year before Zakat and income tax		**305,894,671**	266,757,536
Adjustments for:			
Depreciation	*(5)- (6)*	**99,921,093**	84,922,578
Amortization	*(7)*	**82,484,715**	57,762,351
Depreciation of right-of-use assets	*(8)*	**25,689,686**	16,152,699
Gains from sale of property, plant and equipment	*(27)*	**(533,242)**	(166,652)
Impairment loss on intangible assets	*(7)*	**42,800,000**	27,735,191
Finance costs	*(26)*	**66,772,050**	76,422,322
Impairment loss / reversal of impairment on trade receivables, net	*(11)*	**9,483,592**	10,288,015
(Reversal of provision) / Provision for slow-moving inventories	*(10)*	**(285,017)**	(2,035,905)
Employees' defined benefits liability provision	*(19)*	**10,325,157**	20,282,306
		642,552,705	558,120,441
Changes in:			
Inventories	*(10)*	**15,190,609**	38,512,321
Trade receivables	*(11)*	**160,900,323**	(389,009,319)
Prepayments and other current assets		**(36,243,104)**	12,202,887
Trade payables		**(54,342,381)**	(24,969,747)
Contract liabilities		**(551,390,693)**	(658,992,281)
Customer deposits and accrued expenses and other credit balances		**(29,969,407)**	(23,696,716)
		146,698,052	(487,832,414)
Finance cost paid	(17)	**(44,643,481)**	(80,558,388)
Zakat and income tax paid	*(22)*	**(43,851,509)**	(18,046,439)
Employees' defined benefit liability paid	*(19)*	**(25,396,214)**	(13,600,612)
Net cash provided by / (used in) operating activities		**32,806,848**	(600,037,853)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**1,673,883**	3,093,030
Acquisition of property, plant and equipment	*(5)*	**(51,264,561)**	(243,150,819)
Acquisition of intangible assets		**(78,098,568)**	(36,963,359)
Proceeds from sale of financial assets at FVTPL	*(9)*	**43,100,000**	116,160,000
Acquisition of financial assets at FVTPL	*(9)*	**(3,160,000)**	-
Acquisition of financial assets at FVTOCI	*(9)*	**(27,300,000)**	(66,273,833)
Net cash used in investing activities		**(115,049,246)**	(227,134,981)
Cash flows from financing activities			
Proceeds from Murabaha financing and term borrowings	*(17)*	**724,515,044**	935,049,391
Repayment of Murabaha financing and term borrowings	*(17)*	**(782,592,319)**	(1,083,638,010)
Lease liabilities paid	*(8)*	**(32,404,971)**	(13,425,311)
Change in non-controlling interests		**10,290,000**	11,242,263
Net cash used in financing activities		**(80,192,246)**	(150,771,667)
Decrease in cash and cash equivalents		**(162,434,644)**	(977,944,501)
Cash and cash equivalents at 1 January		**529,529,066**	1,516,561,648
Effect of movements in exchange rates on cash held		**2,273,710**	(10,780,916)
Change in cash is restricted to banks		**14,313,023**	1,692,835
Cash and cash equivalents as at 31 December		**383,681,155**	529,529,066
Non-cash transactions:			
Transferred from PPE to Intangible assets		**32,354,115**	-
Transferred from PPE to Prepayments and other current assets		**10,427,783**	-
Transferred from PPE to Inventory		**2,760,952**	-
Disposal of government grant (land)		**8,361,425**	-
Prepaid rent		-	1,391,707
Accrued fees		**396,395**	-

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements

1 REPORITNG ENTITY

Saudi Research and Marketing Group (the "Company" or "Parent Company") is a Saudi joint stock company registered in Riyadh, Kingdom of Saudi Arabia and operates under commercial registration number 1010087772 dated 29 Rabi Al-Awal 1421H (corresponding to 1 July 2000), and has a registered branch in Jeddah under sub-commercial registration number 1010087772/001. The Company's head office address is: Al-Moutamarat District, Makkah Road, P.O. Box 53108, Riyadh 11583 - Kingdom of Saudi Arabia.

The Company and its subsidiaries (collectively referred as the "Group") are engaged in trading, marketing, advertising, promotions, distribution, printing and publishing, and public relations, and operate mainly in the Middle East, Europe and North Africa (MENA) region. Please refer to *(Note 31)* on the Group's major activities.

These consolidated financial statements include the financial position and financial performance of the Company and its subsidiaries as listed in the schedule below. Following is the list of the subsidiaries incorporated within these consolidated financial statements:

Subsidiary	Country of incorporation	Direct and indirect ownership (%) 2020	2019
Intellectual Holding Company for Advertisement and Publicity- LLC (a)	Kingdom of Saudi Arabia	**100**	100
Scientific Works Holding company- LLC (a)	Kingdom of Saudi Arabia	**100**	100
Numu Media Holding Company and its subsidiaries	Kingdom of Saudi Arabia	**100**	100
Saudi Printing & Packaging Company and its subsidiaries (c)	Kingdom of Saudi Arabia	**70**	70
Al Sharq News Services (LTD)	United Arab Emirates	**100**	100

(a) The below listed subsidiaries are wholly owned by Intellectual Holding company for Advertisement and Publicity and Scientific Works Holding Company:

Subsidiary	Country of incorporation
Saudi Research & Publishing Company (SRPC) and its subsidiaries (b)	Kingdom of Saudi Arabia
Saudi Distribution Company (SDC) and its subsidiaries (d)	Kingdom of Saudi Arabia
Arab Media Company (AMC) (f)	Kingdom of Saudi Arabia
Al-Khaleejiah Advertisement and Public Relations Company	Kingdom of Saudi Arabia
Al-Ofoq Management Information System and communication Company	Kingdom of Saudi Arabia
Seen Visual Media company (formerly known as "Numu Multimedia Company")	Kingdom of Saudi Arabia
Taoq Research company (formerly known as "Numu Research Company")	Kingdom of Saudi Arabia
International Publishers company (formerly known as "Numu Publishing Company")	Kingdom of Saudi Arabia
Taoq Public Relations Company Limited (e)	Kingdom of Saudi Arabia
Tekanah Public Relations Company Limited (e)	Kingdom of Saudi Arabia
Characters Company Limited (e)	Kingdom of Saudi Arabia

(b) Saudi Research and Publishing Company (SRPC) owns 100% of shares in foreign subsidiaries headquartered in the United Kingdom (UK) and Morocco.

(c) Saudi Printing and Packaging Company (SPPC) owns Hala Printing company, Al-Madina Al-Munawarah Printing and Publishing Company, Future Industrial Investment company, and Emirates National Factory for Plastic Industries (ENPI) and their subsidiaries.

1- REPORTING ENTITY (CONTINUED)

(d) Saudi Distribution Company (SDC) owns 100% of the share capital of Emirates Printing and Publishing Company Limited, a company registered in the United Arab Emirates (UAE).

(e) Intellectual Holding company for Advertisement and Publicity and Scientific Works Holding Company have established Taoq Public Relations company Limited, Tekanah Public Relations company Limited and Characters company Limited equally. These entities are primarily engaged in providing international and local public relation services, studies, researches and active marketing. During 2018, Tekana company and Moutamrat company possessed 100 % of shares of Global Media company and its Subsidiaries located United Kingdom with net asset value equal to SR 363 Thousand.

(f) In the last quarter of 2017, Arab Media Company, acquired 51% of the shares in Argaam Investment Trading company ("Argaam"), a limited liability company.

The following table shows the financial position and financial performance of the significant subsidiaries with non-controlling interests:

Description	Saudi Printing and Packaging Company and its subsidiaries (1)	Arqaam Investment Trading Company (2)	Total SR
31 December 2020			
Total assets	**1,671,989,887**	**84,499,964**	**1,756,489,851**
Total liabilities	**969,249,126**	**21,273,183**	**990,522,309**
Equity attributable to equity holders of the Parent Company	**491,918,532**	**32,245,949**	**524,164,480**
Non-controlling interests	**210,822,229**	**30,980,834**	**241,803,061**
Total Revenues	**767,687,606**	**17,083,469**	**784,771,075**
Loss for the year	**(20,544,719)**	**(23,860,365)**	**(44,405,084)**
Net cash flows from operating activities	**94,140,510**	**1,083,871**	**95,224,381**
Net cash flows from investing activities	**(16,895,945)**	**(6,925,021)**	**(23,820,966)**
Net cash flows from financing activities	**(93,269,225)**	**19,283,555**	**(73,985,670)**
31 December 2019			
Total assets	1,787,003,396	86,988,332	1,873,991,728
Total liabilities	1,063,099,258	20,540,945	1,083,640,203
Equity attributable to equity holders of the Parent Company	506,732,897	33,888,167	540,621,064
Non-controlling interests	217,171,241	32,559,220	249,730,461
Total revenues	924,344,259	14,438,394	938,782,653
Loss for the year	(38,760,088)	(20,307,727)	(59,067,815)
Net cash flows from operating activities	198,856,551	(13,565,336)	185,291,215
Net cash flows from investing activities	(12,329,866)	(8,856,687)	(21,186,553)
Net cash flows from financing activities	(190,928,094)	22,119,176	(168,808,918)

1- REPORTING ENTITY (CONTINUED)

(1) Saudi Printing and Packaging company (SPPC) is a Saudi Joint Stock company registered in the Kingdom of Saudi Arabia under commercial registration number 1010219709 issued in Riyadh on Jumada Al-Ula 1, 1427H (corresponding to 28 May 2006), pursuant to the Ministry of Commerce and Investment resolution number 104/Q dated Rabi Al-Thani 20, 1428H (corresponding to 7 May 2007).

The principal activity of SPPC according to the license number 21050 issued by the Ministry of Culture and Information dated Dhul-Hijjah 24, 1412H (corresponding to 25 September 1992) is the wholesale and retail of materials, machineries, and equipment for printing, and its respective tools, inks, and all types of papers, raw materials, tools, equipment, books, printings, office supplies and materials, together with advertising materials.

(2) Argaam Investment Trading Company is a limited liability company. Argaam Investment Trading Company is engaged in providing technical proposals and solutions in the fields of telecommunications, information technology, mobile and fixed communications devices, IT services, telecommunications and IT services, and designing and hosting of internet websites.

2- BASIS OF PREPARATION

A. Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements as endorsed by the Saudi Organization for Certified Public Accountants (“SOCPA”).

The consolidated financial statements are prepared under the historical cost convention, except for the following:

- Financial assets at fair value through Other Comprehensive Income (“FVOCI”) is measured at fair value
- Financial assets at fair value through profit or loss (“FVTPL”) is measured at fair value.
- Defined benefit obligation is recognized at the present value of future obligations using the Projected Unit Credit Method.

B. Going concern

The consolidated financial statements have been prepared on a going concern basis which the management considers to be appropriate for the following reasons.

The management have prepared cash flow forecasts for a period of at least 12 months from the date of these consolidated financial statements which indicate that, taking account of a reasonable scenario, the Group will have sufficient funds, through its cash generation from operations to meet its liabilities as they fall due for that period. The management of the Group have assessed the impact that COVID-19 may have on the ability of the Group to continue as a going concern. Throughout the Group, business has not been significantly impacted to date.

The Group’s cash flow forecasts expect profitability and cash flows to continue in line with previous years as a result of its operations supported by strategic and long-term relationships and agreements with its customers and looking for attracting further customers. The Group’s revenue includes public relations and advertising, printing and publishing, and other segments services a large proportion of which is generated from existing customers. At 31 December 2020, the Group statement of financial position had net current assets of SR 344.5 million (2019: SR 790.9 million) included in which are contract liabilities of SR 1,759 million (2019: SR 2,310 million) and net assets of SR 1,527 million (2019: SR 1,237 million). This included a cash balance of SR 387.7 million. The current cash flow forecast indicates that there is no need for the additional borrowing.

Taking the above into consideration, along with the Group’s forecast profitability, cash flow from existing contracts, anticipated future growth and the Group’s current cash balance, the management are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of these consolidated financial statements and therefore have prepared the consolidated financial statements on a going concern basis.

2- BASIS OF PREPARATION (CONTINUED)

C) Functional and presentation currency

The consolidated financial statements are presented in Saudi Riyal ("SR") which is the functional currency of the Group and used in the preparation of financial reports of the Group. All amounts have been stated in full, except when otherwise indicated.

3- USE OF JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of Group's accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Judgments

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

- *(Note 4e)* revenue recognition: whether revenue from made-to-order paper products is recognized over time or at a point in time; and
- *(Note 4b)* consolidation: whether the Group has de facto control over an investee; and
- *(Note 5,7)* whether Al Sharq News is considered part of a larger CGU within the Group for impairment testing purpose.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- *(Note 7)* - impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- *(Note 11)*– measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate; and.
- *(Note 19)*– measurement of defined benefit obligations: key actuarial assumptions

<u>Measurement of fair values</u>

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values for financial assets and liabilities. This includes a team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's audit committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised 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 fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

3- USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

Assumptions and estimation uncertainties (continued)

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in the following notes:

- *(Note 6)* – Investment properties
- *(Note 29)* – Financial Instruments

4- SIGNIFICANT ACCOUNTING POLICIES

a) Changes in Significant Accounting Policies

The Group has initially adopted Definition of a Business (Amendments to IFRS 3) and Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) from 1 January 2020. A number of other new standards are also effective from 1 January 2020, but they do not have a material effect on the Group's financial statements.

The Group applied Definition of a Business (Amendments to IFRS 3) to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets. The details of accounting policies are set out in *(Note 4)*.

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

4- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

d) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

Foreign operations

Foreign operations are translated into Saudi Riyal (SR) at the relevant exchange rates. The income and expenses of foreign operations are translated into SR at the average exchange rates for the relevant period.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

4- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Foreign currency (continued)

When a foreign operation is disposed of in its entirety or partially such that control, significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

e) Revenue from contracts with customers

The Group recognizes revenue according to IFRS 15, using the following five-steps model:

Step 1: Identify the contract with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price.	The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price.	For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Revenue recognition.	The Group recognizes revenue when, (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Identify the contract with the customer
The Group carefully evaluates the terms and conditions of the contracts with its customers because revenue is recognized only when performance obligations in contracts with customers are satisfied. A change in the scope or price of a contract (or both) is considered as a contract modification and the Group determines whether this creates a new contract or whether it will be accounted for as part of the existing contract.

Identifying performance obligations
Once the Group has identified the contract with a customer, it evaluates the contractual terms and its customary business practices to identify all the promised services within the contract and determine which of those promised services (or bundles of promised services) will be treated as separate performance obligations.

Determine the transaction price
The Group determines transaction price as the amount which it expects to be entitled. It includes an estimate of any variable consideration, the effect of a significant financing component (i.e., the time value of money), the fair value of any non-cash consideration and the effect of any consideration paid or payable to a customer (if any). Variable considerations are limited to the amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Allocation of transaction price
Once the performance obligations have been identified and the transaction price has been determined, transaction price is allocated to the performance obligations, generally in proportion to their stand-alone selling prices (i.e., on a relative stand-alone selling price basis). When determining stand-alone selling prices, the group is required to use observable information, if any. If stand-alone selling prices are not directly observable, the Group makes estimates based on information that is reasonably available.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) *Revenue from contracts with customers (continued)*

For contracts entered into before 1 January 2020, the Group recognizes revenue as per the terms and conditions in the contracts with customers for media, advertising, publishing, and other segments services as follows:

<u>*Public relations and advertising*</u>
Revenue is recognized over time and on a “stand ready” basis. The performance obligations are stand-ready obligations and generally agreed that the nature of the promise in a stand-ready obligation is the promise that the customer will have access to a good or service. The standard describes a stand-ready obligation as a promised service that consists of standing ready to provide goods or services or making goods or services available for a customer to use as and when it decides to do so.

<u>*Printing and packaging*</u>
Revenue is recognized when customers obtain control of goods when the goods are delivered to customers and have been accepted at their premises. Invoices are generated and revenue is recognized at that point in time.
Some contracts allow customers to return goods and replace them with other new goods, and no refunds are permitted. Revenue is recognized when the goods are delivered and have been accepted by customers. With respect to contracts that allow customers to return goods, revenue is recognized only to the extent that it is highly probable that a significant reversal will not occur in the amount of the accumulated revenue.

<u>*Other segments:*</u>
Advertising revenue is billed on a monthly basis and payments are due shortly after the bill date. Such services are recognised as a performance obligation satisfied at a point in time. A receivable is recognised by the Group when the goods or services are delivered or rendered as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Subscription revenues are billed and collected in advance. Revenue billed in advance of the rendering of services is deferred and presented in the statement of financial position as contract liabilities. Subscription revenue is recognised over time as the Group satisfies its performance obligations over time. The transaction price allocated to these subscriptions is recognised as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the period of service.

Penalties on overdue trade receivable are recognized on an accrual basis using the rates stipulated in the service agreements.

<u>*Contract liabilities*</u>
Contract liabilities consist of advance receipts and collections in excess of revenue recognized and deferred revenue. The contracts at times contain prepayment terms in advance of providing the service.

<u>*Contract assets*</u>
Contract assets primarily relate to the Group’s right to consideration for work completed but not billed at the reporting date (unbilled receivable). The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customers. Contract assets are subject to impairment requirements as per IFRS 9.

f) *Employee benefits*

Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined benefit plans
The Company’s end of service indemnities are calculated as per the Company’s Regulation for Employees and are accrued and charged to the consolidated statement of profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial assets

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A trade receivable without a significant financing component is initially measured at the transaction price. A financial asset or financial liability (unless it is a trade receivable without a significant financing component) is initially measured at fair value. For financial instruments not classified at FVTPL, transaction costs that are directly attributable to its acquisition or issue are adjusted.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial assets (Continued)

(ii) Classification and subsequent measurement (continued)

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial assets (Continued)

(iii) Derecognition (continued)

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognised.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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

The Group recognises loss allowances for Expected Credit Losses (ECLs) on:
- financial assets measured at amortised cost; and
- contract assets (as defined in IFRS 15).

Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12-month ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
– significant financial difficulty of the borrower or issuer;
– a breach of contract such as a default or being more than 360 days past due;
– it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
– the disappearance of an active market for a security because of financial difficulties.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial assets (Continued)

Credit-impaired financial assets *(Continued)*

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

h) Impairment of non-financial asset
At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Unit (CGU). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

I) Zakat and Income Tax

Zakat
The Group is subject to the regulations of the General Authority of Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia. Zakat provision is calculated based on the consolidated zakat base of the Group and its directly or indirectly fully owned subsidiaries. Any differences between the provision and the final assessment is recorded when the final assessment is approved. Provision for zakat is charged to consolidated statement of profit or loss. For foreign subsidiaries, a provision is made for tax liabilities, if any, in accordance with the tax regulations applicable in the countries in which such companies operate. The provision for income tax is charged to the consolidated statement of profit or loss.

Value added tax
Revenues, expenses and assets are recognised net of the amount of value added tax, except:
- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- Receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I) Zakat and Income Tax

Deferred tax:

The valuation of deferred tax assets and liabilities is based on the judgement of management. Deferred tax assets are only recognized if it is possible that they can be utilised. Whether or not they can be utilized depends on whether tax loss carryforwards can be offset against future taxable gains. In order to assess the probability of their future use, estimates are made of various factors such as future operating results etc. If the actual values differ from the estimates, this can lead to a change in the assessment of recoverability of the deferred tax assets.

Uncertain zakat and tax positions

Differences, if any, that may arise at the finalization of an assessment are accounted for when the assessment is finalized with GAZT.

Withholding Tax

The Group withholds tax on certain transactions with non-resident parties in the Kingdom of Saudi Arabia in accordance with the Saudi Arabian Income Tax Law.

J) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average costs. In the case of manufactured and in-progress inventory, the cost includes direct materials, direct labor and an appropriate share of production overheads in accordance with normal operating capacity.

Net realizable value is the estimated selling price in the Group’s ordinary course of business less estimated costs to complete the sale.

The value of the decrease in obsolete and slow-moving inventory is determined based on the policy approved by the Group.

K) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses, if any.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.
Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

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

Depreciation

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

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

Assets	Estimated useful life
Buildings	20 – 50 years
Leasehold improvements	4 – 10 years, or lease term, whichever is shorter
Tools and equipment	10 – 20 years
Computers	4 – 10 years
Furniture and fixtures	4 – 13.3 years
Vehicles	2 – 6.67 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Units of production

The depreciation of printing and packaging machineries is calculated based on the ratio of the number of actual units produced to the total production capacity of the machinery, resulting in a charge based on the expected use or production, reflecting - to the maximum extent - the expected pattern of depreciation of the future economic benefits from the machinery.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K) Property, plant and equipment (CONTINUED)

Critical spare parts
Spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them during more than one accounting year. Similarly, if the spare parts and servicing equipment can be used only in connection with items of property, plant and equipment, these are accounted for as property, plant and equipment. Depreciation of such spare parts should commence immediately on date of purchase using the straight-line method to allocate the costs less their residual values over its useful life, and the remaining expected useful life of the "main" equipment to which it is associated, whichever is shorter.

Work in progress
Assets in the course of construction or development are capitalized in the work-in-progress account. The asset under construction or development is transferred to the appropriate category in the property, plant and equipment, once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of work-in-progress comprises its purchase price, construction / development cost and any other directly attributable to the construction or acquisition of an item intended by management. Costs associated with commissioning the items (prior to its being available for use) are capitalized net of the proceeds from the sale of any production during the commissioning period. Borrowing costs related to qualifying assets are capitalized as part of the cost of the qualified assets until the commencement of commercial production. Work-in-progress is measured at cost less any recognized impairment. Capital work-in-progress is not depreciated. Depreciation only commences when the assets are capable of operating in the manner intended by management, at which point they are transferred to the appropriate asset category.

L) Intangible assets and goodwill

Recognition and measurement

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses
Research and development	Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.
Other intangible assets	Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Mastheads "Printing names"
Mastheads represent the recorded value of the mastheads of the newspapers and magazines published by the Group. The Group has assessed its mastheads as having an indefinite useful life and they are therefore not amortised. The Group reviews the useful life of the mastheads annually to determine whether the infinite life continues to be supportable. If not, the change in useful life from "indefinite" to "finite" is made on a prospective basis. Furthermore, the Group assesses on an annual basis the recorded value of the mastheads to determine whether there is objective evidence that they have suffered any impairment loss through the use of fair value measurement methods. If such evidence exists, analyzes are performed to ensure that the book value of the mastheads is recoverable. And in case if the recoverable amount of the mastheads is determined as lower than its carrying value, the carrying value of mastheads is than decreased to its recoverable amount and impairment loss is recognized in the consolidated statement of profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L) Intangible assets and goodwill (Continued)

Publishing rights and books development projects
Publishing rights include all necessary costs incurred in acquiring the publishing rights and are amortised over the contractual life using the straight-line method or the contracted number of books to be published. Amortization is calculated upon release of the first edition of the book. Publishing rights of books at the Group are recorded at cost less amortization and impairment in value.

Media content project, websites and computer programs
Media content projects, websites and computer programs are amortised on a straight-line method over a year of two to five years from the effective starting date of these projects. For the media content projects, the amortization is calculated and recognized effectively from the starting date of the project.

Computer software
Computer software are recorded at historical cost less accumulated amortization and accumulated impairment losses. Historical cost comprises all costs attributable directly to the acquisition of the items.

Amortization is charged to consolidated statement of profit or loss using the straight-line method in order to allocate the costs over the respective assets less the residual value over their estimated useful lives, as following:
Computer software: 3 – 6.5 years

M) Investment properties
Investment properties are land, buildings, part of a building, or both.

They are acquired either to gain rental income or to increase their value, or both, but not for the purpose of selling them through the normal activity of the Group, and they are not used in production or the supply of goods or services or for administrative purposes.

Investment properties are initially carried at cost, and transaction costs are recognized in the initial measurement, and are subsequently measured according to the cost model (at historical cost less accumulated depreciation - except for lands, which are carried at its cost - and the accumulated impairment losses, if any).

Depreciation is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of investment properties as follows:

Buildings 10 - 33 years

The gains or losses on disposal of investment properties are determined (based on the difference between the net sale proceeds and the book value) and are recorded in the consolidated statement of profit or loss for the year of de-recognition.

N) Provisions
Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Warranties	A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities
Restructuring	A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.
Site restoration	In accordance with the Group’s published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated
Onerous contracts	A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on incremental costs necessary to fulfil the obligation under the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. The policy is applied to all contract entered into, on or after 1 January 2019.

i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs of dismantling and removing the underlying asset and restoring the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining rates from various external financing sources and makes certain adjustments to reflect the terms of the leases and type of the assets leased

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group's changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

At inception of a contract, the Group shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less and leases of low value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term in the consolidated statement of profit or loss.

ii) As a lessee

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risk and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognized lease payments under operating leases as income on a straight-line basis over the lease term as part of 'Revenue'.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O) Leases (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index orrate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonablycertain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise purchase, extension or termination option or if there is a revised in-substance fixed lease payment When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'Murabaha and borrowings' in the statement of financial position.

<u>As a lessor</u>
At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand- alone prices. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease
If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight- line basis over the lease term as part of 'other revenue'.

P) Current versus non-current classification

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P) Current versus non-current classification (continued)

All liabilities are determined to be current when:

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

Q) Time deposits

Time deposits include placements with banks of equal or less than three months from the date of acquisition. Time deposits are placed with financial institutions with investment grade rating, which are considered to have low credit risk.

R) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand, short-term deposits, and highly liquid investments that are readily convertible to known amounts of cash with original maturities up to three months from the date of acquisition and that are subject to an insignificant risk of change in their value.

For the purpose of the preparation of the consolidated statement of cash flows, cash and cash equivalents consist of cash at banks, on hand and short-term deposits, as defined above, as they are considered an integral part of the Group’s cash management.

S) Borrowings and Murabaha financing

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

Borrowings and Murabaha financing are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities that have been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, they are recognized in the consolidated statement of profit or loss as other income or finance costs.

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

General and specific borrowing and Murabaha financing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized during the year of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial year of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the year in which they are incurred in the consolidated statement.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T) Contingent assets and liabilities

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is unlikely to occur. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

U) Earnings per share

Basic and diluted earnings per share is calculated by dividing:

- the profit attributable to the shareholders of the Group;
- By the weighted average number of ordinary shares outstanding during the financial period.

The Group has not issued any potential ordinary shares; therefore, the basic and diluted earnings per share are the same.

V) New standards or amendments effective in 2020 and subsequent years

The following are a number of standards, amendments and interpretations of standards that were issued by the IASB on 31 August 2020.

New currently effective requirements:

Effective from	New standards and amendments
1 January 2020	Amendments to References to Conceptual Framework in IFRS Standards.
	Definition of Material (Amendments to IAS 1 and IAS 8).
	Definition of a Business (Amendments to IFRS 3).
	Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate reform.
1 June 2020	COVID-19 – Related Rent Concessions (Amendments to IFRS 16).

Management assessed that the application of the new standards and amendments have no significant impact on the Group’s consolidated financial statements as at 31 December 2020.

New requirements that will be applied after 2020:

Effective for annual periods beginning on or after	New standards and amendments
1 January 2021	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest rate reform - second phase.
1 January 2022	Onerous Contracts – Cost of Fulfilling a Contract (amendments to IAS 37).
	Annual Amendments to IFRSs (2018 - 2020 Cycle).
	Property, Plant and Equipment: Proceeds Before Intended Use (amendments to IAS 16).
	Reference to conceptual framework (amendments to IFRS 3).
1 January 2023	Amendments to IAS 1 ‘Presentation of Financial Statements’ related to classification of liabilities as current/non-current.
	IFRS 17 - Insurance Contracts and amendments to IFRS 17 - Insurance Contracts.
Available for optional adoption/ effective date deferred indefinitely	Sale or contribution of assets between the investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28).

Management assessed that the application of the new standards and amendments have no significant impact on the Group’s consolidated financial statements as at 31 December 2020.

5 PROPERTY, PLANT AND EQUIPMENT, NET

	Land	Buildings	Leasehold improvements	Machineries and printing equipment	Computers	Furniture and fixtures	Vehicles	Work in progress	Total
Cost:	SR	SR	SR	SR	SR	SR	SR	SR	SR
At 1 January 2019	186,392,523	395,488,087	33,938,347	1,012,488,132	116,063,138	90,629,603	36,386,672	7,376,115	1,878,762,617
Additions during the year	-	232,280	55,535,479	3,183,783	3,081,155	7,553,087	61,745	176,735,475	246,383,004
Disposals	-	(106,152)	(11,944)	(6,277,659)	(432,960)	(416,087)	(903,196)	(124,783)	(8,272,781)
Transfers	-	4,325,686	1,151,977	7,346,261	1,146,265	1,383,500	401,711	(15,755,400)	-
Foreign currency translation adjustment	-	-	322,037	-	153,056	94,102	11,298	-	580,493
At 31 December 2019	186,392,523	399,939,901	90,935,896	1,016,740,517	120,010,654	99,244,205	35,958,230	168,231,407	2,117,453,333
Additions during the year	-		**742,740**	**127,800**	**5,327,425**	**6,370,746**	**120,570**	**38,575,280**	**51,264,561**
Disposals	**(8,361,425)**	**(108,364)**	**(104,562)**	**(12,293,457)**	**(5,433,159)**	**(3,869,967)**	**(12,175,751)**	**-**	**(42,346,685)**
Transfers	**-**	**180,102**	**16,120,739**	**7,049,504**	**48,256,382**	**56,889,301**	**203,138**	**(128,699,166)**	**-**
Transferred to prepayments and inventory	-	-	-	-	-	-	-	**(13,188,735)**	**(13,188,735)**
Transferred to intangible assets	-	-	-	-	-	-	-	**(32,354,115)**	**(32,354,115)**
Foreign currency translation adjustment	-	-	**230,804**	-	**310,180**	**108,810**	**13,270**	-	**663,064**
At 31 December 2020	**178,031,098**	**400,011,639**	**107,925,617**	**1,011,624,364**	**168,471,482**	**158,743,095**	**24,119,457**	**32,564,671**	**2,081,491,423**
Depreciation and impairment losses									
At 1 January 2019	-	132,175,048	23,448,267	519,117,993	83,806,611	83,290,774	32,108,674	-	873,947,367
Charge for the year	-	12,791,184	2,878,953	58,118,112	3,909,931	5,620,021	1,463,238	-	84,781,439
Disposals	-	(106,107)	(6,292)	(3,684,230)	(416,997)	(327,343)	(805,434)	-	(5,346,403)
Foreign currency translation adjustment	-	-	133,621	-	105,352	62,247	5,277	-	306,497
At 31 December 2019	-	144,860,125	26,454,549	573,551,875	87,404,897	88,645,699	32,771,755	-	953,688,900
Charge for the year	**-**	**13,443,356**	**20,731,828**	**40,915,691**	**11,623,675**	**11,986,040**	**1,079,599**	**-**	**99,780,189**
Disposals	**-**	**(108,364)**	**(358,027)**	**(12,136,087)**	**(5,386,181)**	**(3,866,906)**	**(10,989,054)**	**-**	**(32,844,619)**
Foreign currency translation adjustment	**-**	**-**	**(47,243)**	**-**	**320,978**	**241,920**	**6,174**	**-**	**521,830**
At 31 December 2020	**-**	**158,195,117**	**46,781,107**	**602,331,479**	**93,963,369**	**97,006,753**	**22,868,474**	**-**	**1,021,146,300**
Net book value									
At 31 December 2020	**178,031,098**	**241,816,522**	**61,144,510**	**409,292,885**	**74,508,113**	**61,736,341**	**1,250,983**	**32,564,671**	**1,060,345,123**
At 31 December 2019	186,392,523	255,079,776	64,481,347	443,188,642	32,605,757	10,598,506	3,186,475	168,231,407	1,163,764,433

- Certain property, plant and equipment with a net book value of SR 132 million (2019: SR 223 million) were pledged as of 31 December 2020 in exchange for long-term borrowings *(Note 17).* The work-in-progress balance comprises its purchase price, construction/development cost and any other cost directly attributable to the construction or acquisition of an item intended by management. Management expects to finalize these projects in 2021.

5 PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

- In 2019 and based on the Board of Directors decision issued on 28 April 2019, the Group's management re-assessed the useful lives of some items of property, plant and equipment. This resulted in a decrease in the depreciation charged to the consolidated statement of profit or loss for the year ended 31 December 2019 as follows:

	Before re-assessment SR	**After re-assessment** SR	**Effect on profit and loss** SR
Change in depreciation value	91,279,307	84,781,439	6,497,868

- During 2020, one of the Group subsidiaries changed the method of calculating depreciation of machinery of the unit of production method from the straight-line method in order to reflect as far as practicable the expected pattern of depreciation of the future economic benefits from the assets, in addition to determining depreciation based on the expected use or production. As a result, the depreciation charge of the aforementioned item reduced by SR 11.8 million, for the year ended 31 December 2020, resulting in a decrease in the costs of revenues and increase in the profit for the year by the same amount for the mentioned subsidiaries, as follows:

	Straight line method SR	**Units of production method** SR	**Effect on profit and loss** SR
Change in depreciation	67,053,118	55,275,826	11,777,292

Depreciation charge for the year has been allocated as follows:

	2020	2019
Cost:		
Cost of revenues *(Note 23)*	**84,553,182**	68,237,222
Selling, marketing, and distribution expenses *(Note 24)*	**446,521**	604,796
General and administrative expenses *(Note 25)*	**14,780,486**	15,939,421
	99,780,189	84,781,439

For impairment testing purpose, the management considers the fixed assets and intangibles assets of Al Sharq news amounting to SR 168 million and SR 112 million, respectively, to be part of a bigger cash generating unit within the Group.

6 INVESTMENT PROPERTIES

The Group’s investment properties consist of two commercial properties in the Kingdom of Saudi Arabia and United Arab Emirates. Movement in investment properties is summarized as follows:

	Land **SR**	**Buildings** **SR**	**Total** **SR**
Cost:			
1 January 2019	18,922,102	9,403,543	28,325,645
31 December 2019	18,922,102	9,403,543	28,325,645
31 December 2020	**18,922,102**	**9,403,543**	**28,325,645**
Accumulated depreciation:			
1 January 2019	-	1,934,122	1,934,122
Depreciations charge for the year	-	141,139	141,139
31 December 2019	-	2,075,261	2,075,261
Depreciations charge for the year	-	**140,904**	**140,904**
Foreign currency translation adjustments	-	**(1,011)**	**(1,011)**
31 December 2020	-	**2,215,154**	**2,215,154**
Net book value:			
31 December 2020	**18,922,102**	**7,188,389**	**26,110,491**
31 December 2019	18,922,102	7,328,282	26,250,384

- The Group's investment properties consist of two commercial properties in the Kingdom of Saudi Arabia and the United Arab Emirates, both of which have been retained by the Group for the purpose of earning and achieving rental income. Rental income for the year ended 31 December 2020 amounted to SR 955,984 (2019: SR 834,898) *(Note 27)*.

6 INVESTMENT PROPERTIES (CONTINUED)

Fair value disclosures

The following is a comparison of the carrying value and fair value of the Group's investment properties:

	31 December 2020		31 December 2019	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Investment properties	**26,110,491**	**35,512,164**	26,250,384	29,581,000
Total	**26,110,491**	**35,512,164**	26,250,384	29,581,000

- The fair value of investment properties has been determined by external, accredited, independent property valuers who have appropriate and recognized professional qualifications and recent experience in the location and category of the property whose value is estimated according to the geographical location.

  The fair value of property located in the Kingdom of Saudi Arabia was determined based on the valuation made by Qiam Company and its partner for real estate valuation, a valuer approved by the Saudi Authority for Accredited Valuers under membership number 1210000052.

  The fair value of the property located in the United Arab Emirates was determined by the Technical and Loss Adjusting Company LLC, a valuer approved by Department of Land and Property.

  The property valuers provide fair value to the Group's investment property portfolio at the end of each financial year.

  The fair value measurement of all investment properties has been classified as a level 3 fair value based on the inputs of the valuation method used. The following table shows the valuation method used in measuring fair value

Geographical location	**Valuation technique**	**Observable inputs**	**The relationship between Observable inputs and the fair value measurement**
KSA	**Sales comparison approach.** The market value is the basis of the evaluation used, and the value was extracted by studying the area and analyzing commercial and residential real estate prices and similar offers for land.	**Assumptions** The land was evaluated on the assumption that the submitted documents are correct and that it is absolute ownership and taking into account its condition according to the current situation and taking into account the services in the area and its proximity to the land area - and its declaration by the municipality **Nature and source of the information** The deed and building permit were obtained from the customer, and information was obtained from approved real estate offices in the area, and all investigations were conducted. The information was carefully studied, and some information was obtained from the Notary Public Index	**The estimated fair value may increase (decrease) if:** - The change in selling prices of land in the neighborhood - The difference in the level of services (infrastructure services and superstructure services such as schools, hospitals, parks, etc.) - Completion of urbanization in the surrounding area - Building system in the region

6 INVESTMENT PROPERTIES (CONTINUED)

Geographical location	**Valuation technique**	**Observable inputs**	**The relationship between Observable inputs and the fair value measurement**
UAE	**Approaches used in evaluation:** **• Income Approach** By using revenue multiples / capitalization rates based on available market trends and evidence. **• Sales comparison approach** The market value is the basis of the evaluation used, and the value was extracted by studying the area and analyzing the prices of commercial and residential real estate and similar offers for land.	**Assumptions** • **Building** Annual rent of the subject of appraisal and similar buildings. Operating expenses average 9% of the annual rent for similar buildings - Vacancy periods for the building (a period of one month in relation to the shops and five months on average for the apartments, equivalent to 5% of similar rents). • **Land** - The value was extracted by studying the area and analyzing commercial and residential real estate prices and similar offers for land.	**The estimated fair value may increase / (decrease) if:** - Projected market rental growth Vacancy periods of the building Occupancy rate of the building **The estimated fair value may increase / (decrease) if:** - The change in selling prices of land in the neighborhood - The difference in the level of services (infrastructure services and superstructure services such as schools, hospitals, parks, etc.) Completion of urbanization in the surrounding area - Building system in the region.

7 INTANGIBLE ASSETS AND GOODWILL

The movement of intangible assets is presented as follows:

	Goodwill	Mastheads	Visual Content Project, Websites and Copyrights	Computers software	Work in progress	Total
	SR	SR	SR	SR		SR
Cost						
At 1 January 2019	451,341,677	350,000,000	406,987,694	17,691,529	-	1,226,020,900
Additions	-	-	4,120,516	32,842,843	-	36,963,359
Transfers	-	-	1,013	-	-	1,013
At 31 December 2019	451,341,677	350,000,000	411,109,223	50,534,372	-	1,262,985,272
Additions	-	-	**75,244,364**	**1,128,955**	**1,725,249**	**78,098,568**
Transfers from PP&E	-	-	-	**32,354,115**	-	**32,354,115**
Foreign currency translation adjustment	-	-	**431,357**	**87,820**	-	**519,177**
At 31 December 2020	**451,341,677**	**350,000,000**	**486,784,944**	**84,105,262**	**1,725,249**	**1,373,957,132**
Accumulated amortization and impairment						
At 1 January 2019	81,417,241	122,873,650	56,786,276	14,524,675	-	275,601,842
Amortization charged during the year	-	-	56,865,198	897,153	-	57,762,351
Impairment loss	-	25,000,000	2,735,191	-	-	27,735,191
Foreign currency translation adjustment	-		-	338	-	338
At 31 December 2019	81,417,241	147,873,650	116,386,665	15,422,166	-	361,099,722
Amortization charged during the year	-	-	**76,162,541**	**6,322,174**	-	**82,484,715**
Impairment loss	-	**30,000,000**	**12,800,000**	-	-	**42,800,000**
Foreign currency translation adjustment	-	-	-	(31)	-	(31)
At 31 December 2020	**81,417,241**	**177,873,650**	**205,349,206**	**21,744,309**	-	**486,384,406**
Net book value						
At 31 December 2020	**369,924,436**	**172,126,350**	**281,435,738**	**62,360,953**	**1,725,249**	**887,572,726**
At 31 December 2019	369,924,436	202,126,350	294,722,558	35,112,206	-	901,885,550

7- INTANGIBLE ASSETS, AND GOODWILL (CONTINUED)

The details of intangible assets are as follows:

	31 December 2020 SR	31 December 2019 SR
Goodwill (a) & (c)	**369,924,436**	369,924,436
Mastheads (b)	**172,126,350**	202,126,350
Visual content project, websites and copyrights (d)	**281,435,738**	294,722,558
Computer software	**62,360,953**	35,112,206
Projects under progress	**1,725,249**	-
	887,572,726	901,885,550

(a) Goodwill – Saudi Printing and Packaging Company:

Goodwill - The details of goodwill are as follows:

	31 December 2020 SR	31 December 2019 SR
Emirates National Factory for Plastic Industries LLC (*)	**359,707,551**	359,707,551
Hala Printing company	**10,216,885**	10,216,885
	369,924,436	369,924,436

(*) In 2012, the Saudi Printing and Publishing Company acquired 100% of the shares of Emirates National Factory for Plastic Industries LLC (“Emirates Factory”), a limited liability company, was established in the Emirate of Sharjah, in the United Arab Emirates, for a net consideration of approximately SR 642 million.

All the parties have agreed under the Shares Purchase and Sale Agreement (the “Agreement”) to transfer all rights and liabilities related to the former shareholders to the Group on 1 July 2012 as the date on which effective control is transferred to the Group (the “Acquisition Date”). This acquisition resulted in goodwill amounting to approximately SR 353.8 million, which represents the increase in the consideration paid over the fair value of the net assets acquired on the date of acquisition, amounting to approximately SR 288.2 million.

Emirates Factory operates in the manufacture and distribution of packaging and plastic products and has several subsidiaries in both the United Arab Emirates and the Kingdom of Saudi Arabia. The consolidated financial statements of Emirates Factory were consolidated with effect from 1 July 2012.

On 1 July 2014, the Group restructured the packaging sector by merging Future Plus company and Flexible Packaging company with Emirates National Factory for Plastic Industries, so that on that date the total goodwill of the Emirates Factory becomes SR 380 million after adding the goodwill of these two companies. During 2017, goodwill impairment losses of SR 20.3 million were recorded.

Goodwill impairment test
Management performs goodwill test to ensure that there is no impairment at the end of each financial year. The management found, through the goodwill test, that the book value of goodwill was less than its recoverable value as at 31 December 2020.

The recoverable amount was determined on the basis of the information used to calculate the present value of the five-year expected cash flows, based on the financial budget approved by the Board of Directors. The estimated growth rate of the Emirates National Factory for Plastic Industries and Hala Press Company of 5.5% and 17.5%, respectively, for the current year, has been applied to the cash flows that exceed the period of the financial budget.

Management believes that the estimated growth rates do not exceed the long-term average growth rates related to the activities carried out by the group companies.

7 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Sensitivity to changes in assumptions
In relation to the recoverable amount review, any adverse change in underlying assumptions will result in an impairment loss. The terminal growth rates and discount rates used are the key assumptions in cases where potential changes could lead to impairment.

The key assumptions used in the estimation of the recoverable amount are set out below: The values assigned to key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	31 December 2020		31 December 2019	
	Emirates National Factory for Plastic Industries %	**Hala Printing Company %**	Emirates National Factory for Plastic Industries %	Hala Printing Company %
Discount rate	**7.94**	**7.94**	10.2	10.2
Estimated total margin	**24.2**	**30.7**	23.2	27.9
Average annual growth rate of revenue	**5.5**	**17.5**	4.6	7.8
Terminal growth rate	**2.5**	**2.5**	2.5	2.5

The discount rate was determined on the basis of the rate of 10-year government bonds issued by the government in a favorable market and in the same currency as cash flows, adjusted by the risk factor to reflect both the increased risk of investing in equity shares in general and the inherent risk of a specific cash generating unit.

The terminal growth rate was determined based on management's estimate of the long-term compound annual growth rate of EBITDA in line with the assumptions that a market participant would make.

(b) Mastheads
During the year ended 31 December 2020, management tested the mastheads to determine whether impairment exists or not. The management determined that the carrying value of the mastheads was higher than its recoverable amount by SR 30 million for the year ended 31 December 2020 (2019: SR 25 million). The recoverable value was determined on the basis of value-in-use calculation. This calculation uses cash flow projections for five years based on financial budgets approved by management. The management drew on its previous experience taking into consideration the market indicators and used a discount rate estimated based on the weighted average of the adjusted cost of capital (WACC). In management's opinion, the growth rate assumption does not exceed the long-term average growth rate for the mastheads' activity.

Key assumptions for the value-in-use calculation are set out below:

	Percentage %	
	2020	2019
Discount rate	**12-13**	11
Total estimated margin	**5**	5.1
Average annual growth rate for sales	**0.1**	0.6
Final growth rate	**2**	2.6

(c) Goodwill – Argaam Investment Trading Company:
During the year 2017, a percentage of 51% of the net assets of Argaam Investment Trading company was acquired for a value of SR 31,908,938. During the year ended 31 December 2018 the management has carried a goodwill testing to assess whether there is any impairment in value and according to the study the management has determined an impairment in value and accordingly, an impairment of goodwill amounting to SR 13,091,062 was recorded, which represents the total value of goodwill.

7 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

(d) Website Content - Bloomberg and Digital Content of Argaam Investment Trading Company:
On 31 October 2017, one of the subsidiaries (Arab Media company) acquired 51% of the shares in Arqaam Investment Trading company, inclusive of the intangible assets comprising the digital content related to Argaam company. During the year, an impairment of intangible assets of Argaam Investment Trading company of SR 12.8 million was recognised.

Key assumptions for the value-in-use calculation are set out below:

	Percentage %	
	2020	2019
Discount rate	**21**	**17.7**
Total estimated margin	**46.7**	**33**
Average annual growth rate for sales	**42**	**12.4**
Final growth rate	**2**	**2**

The Group had signed an agreement with Bloomberg to obtain an exclusive license to launch the business Arabic Channel and Radio, the establishment of the Bloomberg Digital Platforms in Arabic, in addition to the issuance of the magazine (Bloomberg Business Week) in the Arabic language, for a value of USD 9 million (equivalent to SR 33,750 million approximately) for the license annually, and for a period of 5 year extendible to 10 years. According to this agreement, the Group, and after the completion of the legal formalities necessary to launch the television and radio network, and an integrated digital portal, in addition to the publication of (Bloomberg Business Week) magazine in the Arabic language, and the launch of a new series of related conferences. The Group has signed other content licenses with the Independent and others to establish digital platforms in many different languages.

Amortisation charge for the year has been allocated as follows:

	2020	2019
Cost:	**SR**	SR
Cost of Revenue *(Note 23)*	**81,079,327**	53,863,163
General and administrative expenses *(Note 25)*	**1,405,388**	3,899,188
	82,484,715	57,762,351

8- RIGHT-OF-USE ASSETS

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year:

	Right-of-use assets
Cost:	**SAR**
At 1 January 2019	**100,249,548**
Additions	**7,679,858**
Foreign currency translation adjustment	**43,255**
Balance at 31 December 2019	**107,972,661**
Additions	**56,162,074**
Foreign currency translation adjustment	**919,014**
At 31 December 2020	**165,053,749**
Accumulated depreciation:	
At 1 January 2019	16,891,946
Depreciation	16,152,699
Foreign currency translation adjustment	45,709
Balance at 31 December 2019	33,090,354
Depreciation	25,689,686
Foreign currency translation adjustment	1,121,393
At 31 December 2020	59,901,433
Net book value:	
At 31 December 2019	74,882,307
At 31 December 2020	**105,152,316**

8- RIGHT-OF-USE (CONTINUED)

LEASE LIABILITY:

	31 December 2020	31 December 2019
At 1 January	**87,035,224**	88,196,120
Additions	**56,112,034**	5,307,484
Foreign currency translation adjustment	**2,773,583**	45,709
Interest expense *(Note 26)*	**8,149,475**	6,911,222
Lease payment	**(32,404,971)**	(13,425,311)
At 31 December	**121,665,345**	87,035,224

	31 December 2020	31 December 2019
Current	**26,177,350**	12,291,101
Non-current	**95,487,995**	74,744,123
	121,665,345	87,035,224

9 FINANCIAL ASSETS AT FVOCI & FVPL

The Group invested in a Fund in the Kingdom of Saudi Arabia, in accordance with the Saudi Capital Market Law and its executive regulations, for the purposes of the investment for a period of 10 years, renewable, in line with the objectives and future vision of the Group.

a- Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets at FVOCI represents the investments which the Group has the intention to hold for a long term for strategic purposes. According to IFRS9, the Group has initially recognized them as financial assets at FVOCI.

The movement of financial assets during the year ended 31 December is follows:

	31 December 2020 SR	31 December 2019 SR
At 1 January	**1,066,217,505**	1,004,298,625
Additions	**27,300,000**	70,000,000
Fund expenses	(446,135)	(3,726,167)
Changes in fair value	**45,428,400**	(4,354,953)
Fair value at end of the year	**1,138,499,770**	1,066,217,505
Unquoted equity shares *	**1,000,000**	1,000,000
At 31 December	**1,139,499,770**	1,067,217,505

(*) It represents an investment in equity shares amounting to 7% of a non-listed company and is measured at cost as it represents the best estimate by the management of the fair value of this investment.

The movement of changes in fair value during the year is as follows:

	31 December 2020 SR	31 December 2019 SR
Financial assets by FVOCI	**(21,335,671)**	(16,980,718)
Less: change in fair value during the year	**45,428,400**	(4,354,953)
	24,092,729	(21,335,671)

9 FINANCIAL ASSETS AT FVOCI & FVPL (CONTINUED)

b- Financial assets at fair value through profit or loss (FVPL):
The movement of financial assets at FVPL is as follows:

	2020	2019
	SR	SR
At 1 January	**277,958,112**	386,228,787
Additions during the year	**3,160,000**	-
Disposals during the year	**(43,100,000)**	(116,160,000)
Financial assets gains	**1,961,829**	2,596,474
Cost at end of the year	**239,979,941**	272,665,261
Changes in fair value during the year	**1,231,513**	5,292,851
At 31 December	**241,211,454**	277,958,112

10- INVENTORIES, NET

	31 December 2020	31 December 2019
	SR	SR
Raw materials	**125,713,451**	128,224,817
Goods in progress and finished goods	**43,886,567**	52,971,433
Supplies and consumables	**24,034,582**	23,218,689
Goods in transit	**4,133,141**	5,782,459
	197,767,741	210,197,398
Provision for slow-moving inventories	**(22,650,007)**	(22,933,889)
	175,117,734	187,263,509

The movement in the provision for slow-moving inventories is as follows:

	31 December 2020	31 December 2019
	SR	SR
At 1 January	**22,933,889**	24,969,794
Provided during the year	**129,439**	1,996,140
Foreign currency translation adjustments	**1,135**	-
Provision reversed during the year	**(414,456)**	(4,032,045)
At 31 December	**22,650,007**	22,933,889

On 28 April 2019, the Board of Directors decided to re-estimate the provision for impairment of spare parts, which resulted in a provision no longer required of SAR 4 million during the financial year ended 31 December 2019, as follows:

	Provision before re-estimation	**Provision After re-estimation**	**Impact on the profit or loss**
	SR	SR	SR
Spare parts	**26,965,934**	**22,933,889**	**4,032,045**

11 TRADE RECEIVABLES, NET

	31 December 2020	31 December 2019
	SR	SR
Trade receivables	**1,421,327,821**	1,582,228,144
Less: Allowances for impairment loss on trade receivables	**(212,543,389)**	(202,699,046)
	1,208,784,432	1,379,529,098

11 TRADE RECEIVABLES, NET (CONTINUED)

The movement in the impairment losses in accounts receivables value for years ended as December 31 is as follows:

	31 December 2020 SR	31 December 2019 SR
At 1 January	**202,699,046**	192,391,058
Provided during the year	**12,068,988**	10,288,015
Reversal of provision during the year	**(2,585,394)**	-
Foreign currency translation	**360,749**	19,973
At 31 December	**212,543,389**	202,699,046

12 PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2020 SR	31 December 2019 SR
Prepaid expenses	**100,830,765**	58,503,300
Refundable deposits	**26,774,854**	29,634,029
Value added tax	**28,525,449**	21,337,095
Employees' receivables	**9,461,175**	8,383,384
Insurance claims	**5,112,518**	7,420,400
Advances to suppliers	**4,938,217**	8,793,284
Letter of guarantee	**169,655**	85,000
Others	**14,095,374**	9,080,628
	189,908,007	143,237,120

13 CASH AND CASH EQUIVALENTS

	31 December 2020 SR	31 December 2019 SR
Cash at banks and on hand	**199,681,155**	250,529,066
Cash at banks – Restricted accounts (*)	**4,018,947**	18,331,970
Cash at banks - Time deposits with original maturities of equal / less than three months at the date of acquisition.	**184,000,000**	279,000,000
	387,700,102	547,861,036

For the purposes of the consolidated statement of cash flows, the gross cash and cash equivalent consist of the following:

	31 December 2020 SR	31 December 2019 SR
Total cash and cash equivalents	**387,700,102**	547,861,036
Less: Restricted accounts (*)	**(4,018,947)**	(18,331,970)
	383,681,155	529,529,066

(*) Restricted bank accounts represent deposit mortgaged against a syndicated loan obtained by the Saudi Printing and Packaging company (a Group's subsidiary).

(**) Time deposits yield financial income at prevailing market prices for the year ended December 31, 2020 amounting to SR 1.1 Million (2019: SR 12.1 million).

14 SHARE CAPITAL

The Company's share capital amounting to SR 800 million as of 31 December 2020, and 31 December 2019 is divided into 80 million shares of SR 10 each.

15 STATUTORY RESERVE

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

16 GENERAL RESERVE

According to the Company's By-laws, the Group is required to transfer a percentage of its net income for the year (after covering the accumulated loss) to the general reserve until it equals 10% of the share capital. Such reserve may be used for the purposes as determined by the board of directors' members.

17 MURABAHA AND BORROWINGS

The Group has signed several financing agreements and banking facilities with a number of local and foreign banks, which include borrowings and Murabaha, credit facilities, letters of credit and letters of guarantee, amounting to SR 1.2 billion (2019: SR 1.3 billion). The utilized balance of the borrowings and Murabaha financing amounts to approximately SR 0.9 billion as of 31 December 2020 (2019: SR 1 billion). The purpose of these facilities is to finance the working capital, the investments and import of raw materials and equipment relating to the Group's activities. These facilities bear financial charges as per the relevant agreements.

The subsidiary company of the Group" Saudi Printing and Packaging Company (SPPC)" signed several financing agreements and banking facilities with a number of local and foreign banks, which include borrowings and Murabaha, credit facilities, letters of credit and letters of guarantee, for periods starting from December 2018 through March 2025, subject to renewal. The credit limit for total facilities was SR 890 million. These agreements are subject to the terms and conditions of banking facilities that apply to all types of facilities provided by banks to their customers. The purpose of these facilities is to finance the activity, working capital, investments and capital expenditures as well as to finance the import of raw materials and equipment related to the SPPC's activities and projects. These facilities are subject to interest charges according to the relevant agreements, ranging from 2% to 3.5% + SIBOR and LIBOR.

Under these agreements, SPPC provided a number of guarantees to cover the full value of the financing. The guarantees consist of the following:
- Promissory notes of SR 565 million.
- A plot of land in Abhor district in Jeddah placed as collateral *(Note 5).*
- An insurance policy which grants the bank the right to be the first beneficiary for the amount equal to the value of the facility.
- A corporate guarantee provided by a subsidiary of SR 38 million.
- A waiver of the proceeds of some contracts of the Ministry of Education which are in the possession of the bank with an acknowledgment of acceptance by the Ministry.
- Restricted bank accounts amounting SR 4 million (2019: SR 18 million)

Based on the decision of the Board of Directors held on 7 May 2018, the bank has the right, in the event of default by the Group, to recourse through some of the subsidiaries, and the bank has the right to request additional guarantees other than what is mentioned in the borrowings agreement. The Group has complied with all banking terms and commitments contained in the agreements.

The balance used amounted to SR 944 million as at 31 December 2020 (2019: SR 1 billion). The following is an analysis of the borrowings and Murabaha transactions:

	31 December 2020 SR	31 December 2019 SR
Short-term borrowing	**418,372,473**	469,902,653
Other long-term borrowing	**265,561,720**	204,708,936
Bank overdrafts	**5,080,128**	10,155,347
Syndicated loan	**249,966,281**	312,290,941
Accrued finance costs	**4,574,255**	7,220,766
Total borrowings	**943,554,857**	1,004,278,643
Less: Current portion	**(556,531,447)**	(532,484,067)
Non-current portion	**387,023,410**	471,794,576

17 MURABAHA AND BORROWINGS (CONTINUED)

The following is the movement on the balance of borrowings and Murabaha:

	31 December 2020 SR	31 December 2019 SR
At 1 January	**1,004,278,643**	1,153,249,965
Proceeds from borrowings	**724,515,044**	935,049,391
Repayment of borrowings	**(782,592,319)**	(1,083,638,010)
Finance costs	**41,996,970**	59,756,375
Paid finance costs	**(44,643,481)**	(60,139,078)
At 31 December	**943,554,857**	1,004,278,643

The balance of borrowings and Murabaha were presented in the consolidated statement of financial position as follows:

	31 December 2020 SR	31 December 2019 SR
Current portion shown under current liabilities	**556,531,447**	532,484,067
Non-current portion shown under non-current liabilities	**387,023,410**	471,794,576

During January 2021, the subsidiary company of the Group" Saudi printing and packaging company" signed a banking facility agreement. A portion of these facilities was used for early repayment of the Syndicated loan and accordingly, the current portion related to the loan will decrease from AED 80 million as on December 31 to AED 17.6 million as on 31 March 2021.

18 CONTRACT LIABILITIES

	31 December 2020 SR	31 December 2019 SR
Contract liabilities – *Non-current portion*	**1,047,252,865**	1,670,038,389
Contract liabilities – *Current portion*	**711,852,136**	640,457,305
Total	**1,759,105,001**	2,310,495,694

*Contract liabilities comprise advances received on contracts signed with one of its customers to provide media and marketing services in addition to the advertisement and digital expansion. The classification of the liabilities is reflective of when the service will be provided.

19 EMPLOYEES' DEFINED BENEFIT OBLIGATIONS

The Group provides end of services benefits by considering the local laws, business and general insurance regulations for the countries they operate in. Defined benefits obligations are not funded.

The amounts recognized in the consolidated statement of financial position and the movement in the net defined benefit obligations over the year are as follows:

	31 December 2020 SR	31 December 2019 SR
As of 1 January	**132,034,356**	118,478,645
Provision during the year	**10,325,157**	20,282,306
Costs charge on projects	**-**	517,737
Interest costs *(Note 26)*	**3,558,575**	3,753,259
Loss Re-measurement of employees' defined benefit obligations	**2,244,080**	2,407,339
Foreign currency translation adjustments	**(1,242,194)**	195,682
Paid during the year	**(25,396,214)**	(13,600,612)
As of 31 December	**121,523,760**	132,034,356

19 EMPLOYEES' DEFINED BENEFIT OBLIGATIONS (CONTINUED)

Significant actuarial assumptions

The significant actuarial assumptions are as follows:

	Valuation at	
	2020	2019
	%	%
Kingdom of Saudi Arabia:		
Discount rate	**2.5**	3.15
Inflation	**2**	2
Expected rate of salary increase	**2**	2
Assumed retirement age	**60 years**	60 years
United Arab Emirates:		
Discount rate	**1.9**	2.9
Inflation	**3**	2
Expected rate of salary increase	**3**	2
Assumed retirement age	**60 years**	60 years
Exchange rate (AED to SR)	**1.02**	1.02
United Kingdom:		
Discount rate	**1.4**	1.5
Inflation	**2**	2
Expected rate of salary increase	**3**	2
Assumed retirement age	**60 years**	60 years
Exchange rate (GBP to SR)	**5.13**	4.97

Sensitivity analysis
The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

	Discount rate			**Salary inflation**		
	1% decrease SR	**Base SR**	**1% increase SR**	**1% decrease SR**	**Base SR**	**1% increase SR**
31 December 2020	**(132,164,187)**	**(121,523,760)**	**(112,424,411)**	**(112,269,414)**	**(121,523,760)**	**(132,146,473)**
31 December 2019	**(136,220,598)**	**(132,034,356)**	**(128,612,791)**	**(128,541,864)**	**(132,034,356)**	**(135,122,995)**

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligations recognized in the consolidated statement of financial position.

20 TRADE PAYABLES

	31 December 2020	31 December 2019
	SR	SR
Trade payables – *current portion*	**279,064,177**	283,283,213
Trade payables – *Non-current portion*	**142,651,173**	180,817,320
	421,715,350	464,100,533

The Group has entered into agreements with Bloomberg and the Independent. The Group has also entered into an Airtime licensing rights (Segment of Airtime) agreement to broadcast the Group content on a TV channel. The liabilities associated with these agreements are recorded in trade payables.

21- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2020 SR	31 December 2019 SR
Accrued expenses	**90,137,108**	98,847,499
Value added tax	**25,738,975**	24,424,708
Employees accruals	**23,596,372**	23,608,564
Legal case and claims provision	**6,358,291**	15,000,000
Advances from customers	**1,783,389**	11,094,887
Accrued legal fee	**92,117**	70,636
Others	**18,235,836**	15,126,695
	165,942,088	188,172,989

22 ZAKAT AND INCOME TAX

Following are the major components of zakat and income tax expense in the consolidated statement of statement of profit or loss:

	31 December 2020 SR	31 December 2019 SR
Zakat	**77,349,702**	41,319,851
Income tax	**753,633**	759,836
	78,103,335	42,079,687

The movement in Group’s zakat payable is as follows:

	31 December 2020 SR	31 December 2019 SR
At 1 January	**75,796,140**	51,355,384
Provision during the year	**77,349,702**	41,319,851
Paid during the year	**(42,506,316)**	(16,879,095)
At 31 December	**110,639,526**	75,796,140

The movement in Group’s income tax payable is as follows:

	31 December 2020 SR	31 December 2019 SR
At 1 January	**(28,420)**	407,508
Provision during the year	**753,633**	759,836
Paid during the year	**(1,345,193)**	(1,167,344)
Reversal of provision	**-**	(28,420)
Foreign currency translation adjustments	**(59,159)**	-
At 31 December	**(679,139)**	(28,420)

Zakat and income tax assessments

Provision for zakat and income tax is recognized and provided within the consolidated statement of profit or loss. The differences arising from the computation of zakat associated with final assessments for the year in which they are finalized are recorded in the current year provision.

Zakat returns of the Group and wholly owned subsidiaries are submitted to the General Authority of Zakat and Tax (“GAZT”) based on the standalone financial statements prepared for zakat purposes up to 2006. Other non-wholly owned subsidiaries file their zakat returns separately.

During year 2007, the Company had obtained the approval of GAZT on filing a consolidated zakat return for the Group. The Group has filed its zakat returns to GAZT for the years from 2007 to 2019.

22 ZAKAT AND INCOME TAX (CONTINUED)

Zakat and income tax assessments (Continued)
During the current year, a session was held with the Committee for the settlement of the Zakat and Tax disputes for the years 2007-2010, the Committee issued a final decision, the Group paid the amount proposed by the Committee, and the status of the group was terminated for the years mentioned.

The Group has filed its zakat returns to GAZT for the years from 2011 through 2013. The final assessments for these years have not been raised yet by GAZT.

The GAZT has issued the final assessment for the years from 2014 to 2018 and accordingly the Group has provided a provision to cover the potential risk as at 31 December 2020 amounts to SR 57,259,524. Subsequently to the year end, the Group has filled an submitted an appeal to the Zakat Dispute Committee.

In respect of the audit of Printing and Packaging company (SPPC):
Zakat provision is estimated and charged to the consolidated statement of profit or loss. The differences arising on calculating the Zakat related to the final assessment are settled in the year in which they are completed.

SPPC filed consolidated Zakat returns to General Authority of Zakat and Income Tax (‘GAZT’) for the years ended in 31 December 2005 until 2019 and received Zakat certificate for these years. The final assessments have not been issued by GAZT for the years 2009 until 2019 (excluded 2014 & 2017 referred to below).

GAZT issued an assessment notice for these years 31 December 2005 to 2008 and requested SPPC to pay additional zakat amounting to SR 6,582,634. SPPC has filed an objection against the said assessment. The SPPC’s objection was rejected by GAZT as certain formalities were not followed by the SPPC and GAZT issued an updated assessment of SR 2,004,578. Furthermore, GAZT also demanded payment of zakat differences due from the unauthorized profit difference for the years 2005 and 2006 amounting to SR 143,203 (mentioned within the original objection amount), which was paid within a year 2018. The assessment discussions for years ended 31 December 2005 to 2008 between GAZT and the SPPC are ongoing as at 31 December 2020.

GAZT issued an assessment on the SPPC’s Zakat return accounts for the year ended 31 December 2017 with a total difference of SR 2,253,606 which was paid during 2019 however the assessment for the year ended 2014 amounted to SR 1,361,774 which was objected by the SPPC and the objection has been acceptable.

23- COST OF REVENUES

	2020	2019
	SR	SR
Direct labor	**470,534,694**	268,355,283
Cost of materials	**435,328,079**	572,843,887
Cost of publishing, distribution, visual content and public relations	**339,086,333**	638,718,981
Depreciation property, plant, and equipment *(Note 5)*	**84,553,182**	68,237,222
Depreciation right-of-use assets *(Note 8)*	**9,044,349**	7,014,389
Amortisation *(Note 7)*	**81,079,327**	53,863,163
Utilities	**30,101,569**	37,767,862
Repair and maintenance	**12,294,759**	11,692,285
Consumables	**5,577,250**	7,872,939
Insurance	**3,559,891**	4,514,282
Rents	**2,703,190**	4,654,903
Others	**11,553,507**	8,421,911
	1,485,416,130	1,683,957,107

24- SELLING, MARKETING, AND DISTRIBUTION EXPENSES

	2020	2019
	SR	SR
Salaries, wages and others	**26,279,656**	33,669,332
Marketing and advertising expenses	**21,929,488**	20,358,545
Transport and shipping	**15,298,977**	17,304,894
Rents	**3,979,386**	4,904,162
Depreciation property, plant, and equipment *(Note 5)*	**446,521**	604,796
Others	**7,022,895**	5,818,285
	74,956,923	82,660,014

25 GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
	SR	SR
Salaries, wages and others	**152,807,642**	128,221,183
Consultancy, professional fees and advertising services	**32,958,935**	33,155,584
Rents	**4,529,184**	11,048,656
Depreciation of property, plant, and equipment *(Note 5)*	**14,780,486**	15,939,421
Depreciation of investment properties *(Note 6)*	**140,904**	141,139
Depreciation right-of-use assets *(Note 8)*	**16,645,337**	9,138,310
Amortisation *(Note 7)*	**1,405,388**	3,899,188
Repair and maintenance	**11,507,302**	7,909,933
BOD expenses, allowances and respective committees	**10,953,193**	11,367,912
Utilities	**6,913,056**	8,623,977
Insurance	**6,072,376**	2,269,153
Telephone and internet	**5,505,737**	7,966,957
Computer expenses	**4,812,754**	2,558,365
Government fees and subscriptions	**3,785,693**	3,059,834
Travel	**907,089**	12,967,318
Public relations	**1,885,659**	3,826,201
Stationery and printing	**760,918**	1,615,516
Provision for other debit balances	**357,227**	773,891
Others	**23,319,777**	29,825,236
	300,048,657	294,307,774

26- FINANCE COSTS, NET

	2020	2019
	SR	SR
Financial assets at FVTPL – net change in fair value	**1,231,512**	5,292,851
Realized gain of financial assets	**1,961,830**	2,596,474
Income from time deposits	**1,137,419**	12,104,088
Total finance income	**4,330,761**	19,993,413
Finance costs on borrowings and funds	**41,996,970**	59,756,375
Finance cost on long-term trade payables	**11,907,157**	11,805,573
Interest costs on lease liability *(Note 8)*	**8,149,475**	6,911,222
Finance costs on employee benefits *(Note 19)*	**3,558,575**	3,753,259
Bank charges	**1,471,884**	1,239,825
Amortised rescheduled borrowing expenses	**2,687,448**	845,393
Unwind of discount on site restoration provision	**193,883**	-
Total finance costs	**69,965,392**	84,311,647
Net finance costs	**65,634,631**	64,318,234

27- OTHER INCOME, NET

	2020 SR	2019 SR
Reversal of accruals	**25,656,062**	2,056,197
Revenue from sale of production waste	**3,342,556**	4,176,839
Insurance claims	**3,061,300**	7,420,400
Proceeds from Human Resources Development Fund	**-**	916,384
(loss) / Income from foreign currency	**(10,831,413)**	882,160
Discounts granted by Abu Dhabi Water and Electricity Authority	**1,805,295**	-
Rent revenues	**955,984**	834,898
Reversal balances of suppliers and other creditors	**-**	529,561
Income of selling old newspapers	**-**	391,172
Gain from disposal of property and equipment	**533,242**	166,652
Others	**2,203,018**	3,006,675
	26,726,044	20,380,938

28 EARNINGS PER SHARE

Basic / diluted earnings per share (EPS) for income attributable to ordinary shares are calculated by the appropriation of the weighted average number of outstanding ordinary shares. Earnings per share as of 31 December 2020 has been computed based on the weighted average number of shares outstanding during the year which amounted to 80,000,000 shares (2019: 80,000,000 shares). There are no contingent ordinary diluted shares. Diluted earnings per share are the same as the basic earnings per share as the Group does not have any convertible securities nor diluted instruments to exercise.

29 FINANCIAL INSTRUMENTS FAIR VALUES AND RISK MANAGEMENT

(29.1) Financial Assets

	31 December 2020 SR	31 December 2019 SR
Financial assets:		
Cash and cash equivalents *(Note 13)*	**387,700,102**	547,861,036
Unquoted equity shares	**1,000,000**	1,000,000
Financial assets at fair value through other comprehensive income (FVOCI) *(Note 9)*	**1,138,499,770**	1,066,217,505
Financial assets at fair value through profit or loss (FVPL) *(Note 9)*	**241,211,454**	277,958,112
Trade receivables *(Note 11)*	**1,208,784,432**	1,379,529,098
Total financial assets	**2,977,195,758**	3,272,565,751
Total current assets	**1,837,695,988**	2,205,348,246
Total non-current assets	**1,139,499,770**	1,067,217,505

(29.2) Financial liabilities

Set out below is an overview of financial liabilities, held by the Group.

	31 December 2020 SR	31 December 2019 SR
Financial liabilities held at amortised cost:		
Trade payables *(Note 20)*	**421,715,350**	464,100,533
Murabaha financing and term borrowings *(Note 17)*	**943,554,857**	1,004,278,643
Lease liability *(Note 8)*	**121,655,345**	87,035,224
Total	**1,486,925,552**	1,555,414,400
Total current liabilities	**861,762,974**	828,058,381
Total non-current liabilities	**625,162,578**	727,356,019

The average credit period on purchases is 60-90 days except for the non-current portion of trade payables. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

29 FINANCIAL INSTRUMENTS FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

A- Financial instruments fair values:

	Carrying value					Fair value			
	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2020									
Financial assets measured at fair value									
Financial assets at fair value through profit or loss	**241,211,454**	-	-	-	**241,211,454**	-	**241,211,454**	-	**241,211,454**
Financial assets at fair value through OCI	-	**1,138,499,770**	-	-	**1,138,499,770**	-	**1,138,499,770**	-	**1,138,499,770**
	241,211,454	**1,138,499,770**	-	-	**1,379,711,224**	-	**1,379,711,224**	-	**1,379,711,224**
Financial assets not measured at fair value									
Trade receivables	-	-	**1,208,784,432**	-	**1,208,784,432**	-	-	-	-
Cash and cash equivalents	-	-	**387,700,102**	-	**387,700,102**	-	-	-	-
	-	-	**1,596,484,534**	-	**1,596,484,534**	-	-	-	-
Financial liabilities not measured at fair value									
Murabaha financing and short-term borrowings	-	-	-	**556,531,447**	**556,531,447**	-	-	-	-
Murabaha financing and long-term borrowings	-	-	-	**387,023,410**	**387,023,410**	-	-	-	-
Trade payables-current	-	-	-	**279,064,177**	**279,064,177**	-	-	-	-
Trade payables / *non-current*	-	-	-	**142,651,173**	**142,651,173**	-	-	-	-
Accrued expenses and other current liabilities	-	-	-	**165,942,088**	**165,942,088**	-	-	-	-
Lease liability / *current*	-	-	-	**26,177,350**	**26,177,350**	-	-	-	-
Lease liability / *non-current*	-	-	-	**95,487,995**	**95,487,995**	-	-	-	-
	-	-	-	**1,652,877,640**	**1,652,877,640**	-	-	-	-

29 FINANCIAL INSTRUMENTS FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

A- Financial instruments fair values (continued):

	Carrying value					Fair value			
	Financial assets at fair value through profit or loss	**Financial assets at fair value through OCI**	**Amortised cost**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
31 December 2019									
Financial assets measured at fair value									
Financial assets at fair value through profit or loss	**277,958,112**	**-**	**-**	**-**	**277,958,112**	**-**	**277,958,112**	-	**277,958,112**
Financial assets at fair value through OCI	**-**	**1,066,217,505**	**-**	**-**	**1,066,217,505**	**-**	**1,066,217,505**	**-**	**1,066,217,505**
	277,958,112	**1,066,217,505**	**-**	**-**	**1,344,175,617**	**-**	**1,344,175,617**	**-**	**1,344,175,617**
Financial assets not measured at fair value									
Trade receivables	-	-	**1,379,529,098**	-	**1,379,529,098**	-	-	-	-
Cash and cash equivalents	-	-	**547,861,036**	-	**547,861,036**	-	-	-	-
	-	-	**1,927,390,134**	-	**1,927,390,134**	-	-	-	-
Financial liabilities not measured at fair value									
Murabaha financing and short-term borrowings	-	-	-	532,484,067	532,484,067	-	-	-	-
Murabaha financing and long-term borrowings	-	-	-	471,794,576	471,794,576	-	-	-	-
Trade payables / *current*				283,283,213	283,283,213	-	-	-	-
Trade payables / *non-current*				180,817,320	180,817,320	-	-	-	-
Accrued expenses and other current liabilities	-	-	-	188,172,989	188,172,989	-	-	-	-
Lease liability / *current*	-	-	-	12,291,101	12,291,101	-	-	-	-
Lease liability / *non-current*				74,744,123	74,744,123	-	-	-	-
	-	-	-	**1,743,587,389**	**1,743,587,389**	-	-	-	-

29 FINANCIAL INSTRUMENTS FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

B- Risk management:

The Group has exposure to the following risks from its use of the financial instruments:

- Credit risk
- Liquidity risk
- Commission rate risk
- Currency risk
- Capital management

This note shows information about the Group's exposure to each of the above risks, group objectives, policies, methods of measuring and managing risks, and Group’s capital management.

Risk management framework

The Board of Directors of the Group has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the risk management committee, which is responsible for developing and monitoring the Group’s risk management policies. This committee submits regular reports to the Board of Directors on its activities.

The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee monitors how management monitors the compliance with the Group's risk management procedures and policies. It also reviews the adequacy of the overall risk management framework in relation to the risks faced by the Group. The internal audit department supports the Group audit committee in performing its supervisory role. The internal audit team conducts periodic reviews, in particular, on the procedures and controls for risk management. It also sends reports on the results of these reviews to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's policy states that all customers who want to deal on a forward basis are subject to credit check. Financial instruments that are subject to concentration of credit risk consist mainly of customers’ receivables. The Group deposits bank balances with a number of financial institutions with a good credit rating and has a policy of setting limits on its balances deposited with each financial institution. The Group does not believe that there are significant risks to the inefficiency of these institutions. The Group has a diverse customer base operating in various activities in different regions.

The carrying amount of financial assets represents the maximum value that financial assets may be exposed to credit risk as of the statement of financial position date at December 31 are as follows:

	2020	2019
	SR	SR
Cash and cash equivalents *(Note 13)*	**387,700,102**	547,861,036
Trade receivables, net *(Note 11)*	**1,208,784,432**	1,379,529,098
Financial assets at fair value through profit or loss *(Note 9)*	**241,211,454**	277,958,112
Financial assets at fair value through OCI *(Note 9)*	**1,139,499,770**	1,067,217,505
	2,977,195,758	3,272,565,751

Trade receivables

The Group’s exposure to credit risk is influenced mainly by the individual characteristic of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Risk Management Committee has established a credit policy according to which the creditworthiness of each new customer is analyzed before the Group presents its terms and conditions for payment and supply. The Group review includes external ratings, when applicable, and sometimes includes banking references. The Group limits its exposure to credit risk from trade receivables by setting maximum collection limits and credit limits for its customers. Due to the nature of the sector in which the Group operates, certain concentration risks exist. The amount of disclosure provided maintains the Group's competitive positioning in this sector.

29 FINANCIAL INSTRUMENTS FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

B- Risk management (continued)

Credit risk (continued)

The following table provides information about the exposure to credit risk and ECLs for receivables as at 31 December 2020:

Aging of Trade receivables	Weighted-average loss rate	Gross carrying amount	Impairment loss allowance
Less than 3 months	0.40%	284,819,404	1,125,740
From 3 to 12 months	1.3%	398,673,185	5,109,083
More than12 months	28%	737,835,232	206,308,566
Total		**1,421,327,821**	212,543,389

The following table provides information about the exposure to credit risk and ECLs for receivables as at 31 December 2019:

Aging of Trade receivables	Weighted-average loss rate	Gross carrying amount	Impairment loss allowance
Less than 3 months	0.3%	283,803,359	837,978
From 3 to 12 months	0.5%	496,339,551	2,382,687
More than12 months	24.9%	802,085,234	199,478,381
Total		1,582,228,144	202,699,046

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation. Liquidity risk is the difficulties that the Group will encounter in raising funds to meet commitments related to financial instruments. Liquidity risk may result from the inability to sell financial assets quickly at an amount close to its fair value.

The Group manages liquidity risk by maintaining the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 90 days. The Group also monitors the level of expected cash inflows on trade receivables together with expected cash outflows on trade and other payables and ensuring that bank facilities are available. The terms and conditions of these facilities are disclosed in (*Note 17).* The Group's terms of sale stipulate that payments are made in cash upon supply of the goods or on a forward basis.

Following the contractual maturities of non-derivative financial liabilities:

31 December 2020	**Carrying amount SR**	**Contractual cash flows SR**	**Less than one year SR**	**More than a year SR**
Murabaha financing and borrowings	**943,554,857**	**943,554,857**	**556,531,447**	**387,023,410**
Trade payables	**421,715,350**	**421,715,350**	**279,064,177**	**142,651,173**
Zakat and tax payable	**109,960,387**	**109,960,387**	**109,960,387**	**-**
	1,475,230,594	**1,475,230,594**	**945,556,011**	**529,674,583**

31 December 2019	Carrying amount SR	Contractual cash flows SR	Less than one year SR	More than a year SR
Murabaha financing and borrowings	1,004,278,643	1,004,278,643	532,484,067	471,794,576
Trade payables	464,100,533	464,100,533	283,283,213	180,817,320
Zakat and tax payable	75,767,720	75,767,720	75,767,720	-
	1,544,146,896	1,544,146,896	891,535,000	652,611,896

Liquidity risk is managed by monitoring on a regular basis and ensuring that sufficient funds and banking facilities are available to meet the Group's future liabilities.

29 FINANCIAL INSTRUMENTS FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

B- Risk management (continued)

Lease commitments

Commitments for minimum lease payments to which the requirements of the IFRS 16 have been applied as of 31 December are as follows:

	31 December 2020 SR	31 December 2019 SR
During a year	**22,479,618**	14,987,444
More than a year and less than five years	**55,308,649**	71,633,719
More than five years	**-**	14,610,547
	77,788,267	101,231,710

Commission rate risk

The income effect represents the effect of the assumed changes in commission rates on the profit / (losses) of the Group for one year on the basis of floating commission financial liabilities as at 31 December.

Commission rate risk

commission rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market commission rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. Management monitors the changes in interest rates and believes that the fair value and cash flow interest rate risks to the Group are manageable.

Commission rate sensitivity

	The impact on the year income (SR)	
Increase (decrease) in basis points	**2020**	2019
+5	**(394,767)**	(419,029)
+10	**(789,534)**	(838,058)
-5	**394,767**	419,029
-10	**789,534**	838,058

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The management monitors fluctuations in foreign exchange rates, and believes that the Group is not exposed to significant currency risk, as it does not undertake any significant transactions in currencies other than the Saudi riyal, the US dollar, the Emirati dirham, and sterling pound. The Saudi riyal exchange rate is fixed pegged against the US dollar, and therefore, balances and transactions dominated in US dollars do not represent significant risks. Regarding the AED, and sterling pound, the Group's management believes that its exposure to currency risk that is pegged against the AED and transactions in sterling pound are limited.

Capital management

The group's capital management policy is to maintain a strong capital base to maintain shareholders, creditors and market confidence as well as the continued development of the group's future activities. The capital consists of ordinary shares, primary non-repayable shares and the group's retained earnings.
The management monitors the return on capital, which is determined by dividing net operating profit on shareholders' equity.

The group seeks to maintain the balance between the highest return possible in case of maximum level of borrowing and the preference and security arising from a strong capital position.

	2020 SR	2019 SR
Total Debt	**3,652,120,288**	4,282,731,510
Less: Cash and cash equivalents *(Note 13)*	**(387,700,102)**	(547,861,036)
Net Debts	**3,264,420,186**	3,734,870,474
Net shareholders' equity	**1,527,478,805**	1,237,387,083
Adjusted capital	**1,527,478,805**	1,237,387,083
Debt to capital ratio	**2.14**	3

30- COMMITMENTS AND CONTINGENCIES

Contingent legal claims

Certain subsidiaries of the Group are involved in litigation matters in their ordinary course of business, which are being defended. The ultimate results of these matters cannot be determined with certainty. However, the management believes that the results of these matters will not have a significant impact on the Group's consolidated financial statements as of 31 December 2020.

The Group has the following contingent liabilities:

	31 December 2020 (in million) SR	31 December 2019 (in million) SR
Letters of credits	**36.6**	66.5
Letters of guarantee	**6.2**	28.2
Trades and marketing commitments	**16**	13.7
Capital commitments	**12.1**	10.6

Lease commitments

The minimum future non-cancellable lease payments as at 31 December are as follows:

	31 December 2020 SR	31 December 2019 SR
During the year	**4,773,368**	14,421,525
More than a year and less than five years	**-**	-
More than five years	**-**	-
	4,773,368	14,421,525

31 SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has six reportable segments, as follows:

1. **Publishing and visual and digital content** comprises the local and international publishing works, researches and marketing the products of the group and third parties. The segment is also involved in the publishing of specialized publications for third parties, issuance of licensed international publications, translation services and selling electronic and visual content.
2. **Public relations and advertising:** comprise the local and international public relation services, studies, research, marketing, media events, international advertising, production, representation and marketing audio visual and readable advertising media, and advertising panels.
3. **Printing and packaging:** comprise printing works on paper and plastic, commercial posters, in addition to manufacturing of plastic products for the Group and others.
4. **All other segments:** comprises the wholesale and retail trading of school supplies, office furniture, installation and maintenance of laboratories, and providing technical, training and educational courses, services, international distribution of newspapers, magazines, publications, books and the publications of the Group and other related activities.

The following segments have been aggregated in these consolidated financial statements, as follows:

Publishing: This segment comprises the publishing and specialized publishing segments. The two have been aggregated based on the criteria of having similar nature of services and similar type or class of customer for their products.

All other segments: This segment is an aggregation of all other business activities and operating segments that do not individually meet the quantitative thresholds required under IFRS 8, but which management considers reportable.

The Chief Executive Officer and the Chief Operating Officer, both monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income and is measured consistently with income in the consolidated financial statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

31- SEGMENT INFORMATION (CONTINUED)

The following table presents revenues and profit information for the Group's operating segments for the year ended December 31, 2020:

	Publishing and visual and digital content	**Public relations and advertising**	**Printing and packaging**	**All other segments**	**Total**	**Adjustments and eliminations**	**Total**
	SR	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**
Revenues							
External customers	**325,061,369**	**1,141,332,403**	**749,133,677**	**44,566,507**	**2,260,093,956**	**-**	**2,260,093,956**
Inter-segment	**741,999,996**	**79,298,326**	**18,553,928**	**4,926,907**	**844,779,157**	**(844,779,157)**	**-**
Total revenues	**1,067,061,365**	**1,220,630,729**	**767,687,605**	**49,493,414**	**3,104,873,113**	**(844,779,157)**	**2,260,093,956**
Gross profit	**213,409,416**	**422,355,778**	**127,415,381**	**17,252,430**	**780,433,006**	**(5,755,179)**	**774,677,826**
Segment profit (loss)	**24,694,904**	**330,760,193**	**(20,544,719)**	**(33,600,164)**	**301,310,214**	**(55,663,437)**	**245,646,777**

The following table presents revenues and profit information for the Group's operating segments for the year ended December 31, 2019:

	Publishing and visual and digital content	Public relations and advertising	Printing and packaging	All other segments	Total	Adjustments and eliminations	Total
	SR	SR	SR	SR	SR	SR	SR
Revenues							
External customers	647,156,869	826,512,431	887,296,706	48,676,927	2,409,642,933	-	2,409,642,933
Inter-segment	411,371,718	84,902,058	37,047,553	6,118,624	539,439,953	(539,439,953)	-
Total revenue	1,058,528,587	911,414,489	924,344,259	54,795,551	2,949,082,886	(539,439,953)	2,409,642,933
Gross profit	130,933,904	449,114,007	131,063,997	19,432,927	730,544,835	(4,859,009)	725,685,826
Segment profit (loss)	(41,237,790)	383,319,674	(38,760,088)	(30,271,217)	273,050,579	(26,935,365)	246,115,214

31 SEGMENT INFORMATION (CONTINUED)

The following table presents total assets and total liabilities information for the Group's operating segments as of 31 December 2020:

	Printing and packaging	**Publishing and visual and digital content**	**Public relations and advertising**	**All other segments**	**Total**	**Adjustments and eliminations**	**Total**
	SR	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**
Total assets	**1,671,989,886**	**2,179,019,921**	**4,828,111,756**	**771,009,377**	**9,450,130,940**	**(4,028,728,785)**	**5,421,402,155**
Total liabilities	**969,249,126**	**2,374,665,333**	**3,102,300,924**	**822,732,832**	**7,268,948,215**	**(3,616,827,927)**	**3,652,120,288**

The following table presents total assets and total liabilities information for the Group's operating segments as of 31 December 2019:

	Printing and packaging	Publishing and visual and digital content	Public relations and advertising	All other segments	Total	Adjustments and eliminations	Total
	SR	SR	SR	SR	SR	SR	SR
Total assets	1,787,003,396	1,758,329,078	4,104,487,047	776,244,901	8,426,064,422	(2,656,215,368)	5,769,849,054
Total liabilities	1,063,099,258	1,707,033,818	2,944,378,632	829,227,533	6,543,739,241	(2,261,007,731)	4,282,731,510

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column.

Adjustments and eliminations

Finance costs and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a Group basis.

Zakat, income taxes, and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis.

31 SEGMENT INFORMATION (CONTINUED)

Reconciliation of profit:

	2020 SR	2019 SR
Segments profits	**301,310,214**	273,050,579
Inter-segment sales (eliminations)	**(55,663,437)**	(26,935,365)
Net profit	**245,646,777**	246,115,214

Reconciliation of assets:

	2020 SR	2019 SR
Segment operating assets	**9,450,130,940**	8,426,064,422
Inter-company accounts eliminations	**(6,653,398,764)**	(4,181,536,681)
Property, plant and equipment, net	**16,406,617**	16,950,214
Intangible assets, net	**216,044,691**	227,126,350
Amounts due from related parties	**1,432,529,281**	919,667,131
Prepayment and other current assets	**8,029,614**	8,246,318
Financial assets	**632,493,674**	516,758,251
Shares in results	**319,166,102**	(163,426,951)
Total assets	**5,421,402,155**	5,769,849,054

Reconciliation of liabilities:

	2020 SR	2019 SR
Segment operating liabilities	**7,268,948,215**	6,543,739,241
Inter-company balances elimination	**(3,930,243,608)**	(4,181,536,681)
Murabaha financing and short-term borrowing	**154,020,484**	160,859,632
Amounts due to related parties	**76,701,861**	1,716,430,123
Accrued expenses and other current liabilities	**82,693,336**	43,239,195
Total liabilities	**3,652,120,288**	4,282,731,510

Geographical information:

	2020 SR	2019 SR
Revenues from external customers		
Kingdom of Saudi Arabia	**1,731,356,265**	1,810,891,867
United Arab Emirates	**282,654,272**	470,598,231
Other countries	**246,083,419**	128,152,835
Total revenues as per consolidated statement of profit or loss	**2,260,093,956**	2,409,642,933

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

Non-current operating assets:	2020 SR	2019 SR
Kingdom of Saudi Arabia	**2,055,510,432**	2,021,650,291
United Arab Emirates	**1,069,015,862**	1,139,091,508
Other countries	**94,154,132**	73,258,380
Total	**3,218,680,426**	3,234,000,179

For this purpose, non-current assets consist of property, plant and equipment, investment properties, intangible assets and financial assets through profit or loss and other comprehensive income:

Revenue recognition time:

	2020 SR	2019 SR
At a point in time	**868,985,974**	1,293,734,863
Over a period of time	**1,391,107,982**	1,115,908,070
	2,260,093,956	2,409,642,933

32 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Group comprise entities where shareholders and key management personnel have control, joint control or significant influence.

The transactions with related parties are made on terms approved by the Board of the Directors of the Group. The Group and its related parties transact with each other in the normal course of business:

	2020	2019
	SR	SR
BOD expenses, allowances and respective committees	**9,446,000**	9,638,469
Compensation of group key management personnel	**4,717,836**	3,671,549

The significant transactions and balances between the Group and its related parties are as follows:

Related parties name	**Nature of relationship**	**Nature of Transaction**	**2020**	2019
			SR	SR
Al Madarat Company for advertising and its subsidiaries for advertising services	Owned by board of directors' member	Media service, programs and films production	**29,188,569**	18,208,801
Al-Fahed law firm	Owned by board of directors' member	Legal consultancy	**1,553,062**	84,163

Balances resulted from the above transactions the Group and its related parties are as follows:

	31 December 2020	31 December 2019
	SR	SR
Al madarat Company for advertising and its subsidiaries for advertising services	**11,399,851**	3,180,746

In addition, during the year the Group paid SR 46 million for media services to an entity owned by one of the subsidiaries' General Manager. This amount, along with the balance for Al Madarat Company are included in prepayments and other current assets and trade payables, respectively.

33 SUBSEQUENT EVENTS

In January 2021, Emirates National Factory for Plastic Industries (a wholly owned subsidiary in the United Arab Emirates) signed a banking facility agreement (in compliance with the provisions of Islamic Sharia) with a local bank for a total amount of AED 475 million (equivalent to SR 484 million) representing the following:

- Long-term financing of AED 375 million (equivalent to SR 382 million), repayable over 8 years. The facility was obtained for the purposes of financing capital projects in the amount of AED 100 million (equivalent to SR 102 million), in addition to early payment of existing facilities in favor of other banks in the United Arab Emirates, amounting to AED 275 million (equivalent to SR 280 million). As a result, the current portion related to these facilities will be decreased by AED 62.4 million (equivalent to SR 63 million) at the financial period ending at 31 March 2021.

- Short-term financing of AED 100 million (equivalent to SR 102 million) for the purpose of working capital financing.

The facility agreement is guaranteed by a promissory note from the Group of the total value of the facilities in favor of the bank in addition to other guarantees *(Note 17).*

34- COMPARATIVE FIGURES

Certain prior year figures have been reclassified to conform for better presentation of the current year consolidated statement of financial position and consolidated statement of cash flows. The reclassification did not impact the previous years' reported profit and equity.

A. Consolidated Statement of Financial Position

	Balances previously reported as at 31 December 2019	Reclassification	Balance reclassified as at 31 December 2019
Property, plant and equipment *(Note 5)*	1,161,049,985	2,714,448	1,163,764,433
Total non-current assets	**3,231,285,731**	**2,714,448**	**3,234,000,179**
Prepayments and other current assets	145,951,568	(2,714,448)	143,237,120
Total current assets	**2,538,563,323**	**(2,714,448)**	**2,535,848,875**

B. Consolidated Statement of Cash flows

	Balances previously reported as at 31 December 2019	Reclassification	Balance reclassified as at 31 December 2019
Operating activities	(602,752,301)	**2,714,448**	(600,037,853)
Investing activities	(229,849,429)	**(2,714,448)**	(227,134,981)

35- BOARD OF DIRECTORS APPROVAL

The consolidated financial statements were approved by the Board of Directors on 16 Sha'ban 1442H corresponding to 29 March 2021.