BATIC INVESTMENTS AND LOGISTICS COMPANY

(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS

ALONG WITH

INDEPENDENT AUDITOR REPORT

FOR THE YEAR ENDED

31 DECEMBER 2021

Index | **Page**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Batic Investments and Logistics Company **(1/5)**
(Saudi Joint Stock Company)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Batic Investments and Logistics Company ("the Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by Saudi Organization for Chartered and Professional 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 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 for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of Batic Investments and Logistics Company
(Saudi Joint Stock Company)

Report on the Audit of the Consolidated Financial Statements (Continued)
Key Audit Matters (Continued)

Key Audit Matters	How our audit addressed the key audit matter
Impairment of goodwill book value	
- As of 31 December 2021, the Group has goodwill resulting from previous acquisitions amounted to 31 December 2021 SR 81.3 million (2020: SR 79.7 million). - According to International Accounting Standard No. 36 "Impairment of goodwill" which requires at least annually an impairment test for recognized goodwill, regardless of whether there is any indication of impairment. - Goodwill is monitored at the level of the cash-generating units by determining the recoverable value based on the value-in-use derived from the discounted cash flow model, which used the most recent five-year business plan prepared by the group's management. This test did not result in any impairment loss that must be proven. - The Group's management contracted with an independent consultant to test the impairment of goodwill. We considered the impairment of goodwill performed by the company's management to be a key audit matter. Determining the recoverable value of goodwill on the basis of value in use is a complex matter and requires an important deal of judgment by the management. The important judgment components for the management valuations are: 1- Assumptions related to excepted economic circumstances and growth special in markets in which the Group mainly works in. 2- Assumptions about the impact of the Group's main competitors' actions on the revenue assumptions and the total expected profit margin. 3- The revenue growth rate and the final value growth rate used in the value-in-use model. For more details, refer note 9-2	We obtained the relevant data from the management and then external parties, and we also performed the following procedures: - Obtained an understanding of the methodology adopted by the management in determining the cash-generating unit and existence of impairment of goodwill and assessing whether this methodology is consistent with the requirements of IAS 36 and those used in this industry. - Teat the mathematical accuracy for the model. - Examine the methodology applied that supports the in-use calculations and uses key assumptions. - Assessed the key assumptions used by management related to revenue growth rate, gross profit margin, and long-term growth rate, taking into account current and future economic conditions of the cash-generating units. We also compared the key assumptions to the previous factual results. - Assessed the reliability of management's forecast through a review of actual performance against forecasts used by management; - Involved our specialists to check the key assumptions used by management in calculating the value in use. We also conducted the sensitivity analysis related to these key assumptions. - Examine the adequacy of the group's disclosures in the consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of Batic Investments and Logistics Company
(Saudi Joint Stock Company)

Report on the Audit of the Consolidated Financial Statements (Continued)

Other Information

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

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 International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA and Regulations for Companies and the 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, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
To the Shareholders of Batic Investments and Logistics Company **(4/5)**
(Saudi Joint Stock Company)

Report on the Audit of the Consolidated Financial Statements (Continued)

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Ibrahim Ahmed Al-Bassam & Co
Certified Public Accountants - Al-Bassam & Co.
(member firm of PKF International)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of Batic Investments and Logistics Company **(5/5)**
(Saudi Joint Stock Company)

Report on the Audit of the Consolidated Financial Statements (Continued)

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

For Al-Bassam & Co.

Ibrahim A. Al-Bassam
Certified Public Accountant
License No. 337
Riyadh on: 21 Shaaban 1443 H
Corresponding to: 24 March 2022 G

BATIC INVESTMENTS AND LOGISTICS COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021
(Amounts in Saudi Riyals)

	Note	2021	2020 (Restated)
ASSETS			
Non-current assets			
Property and equipment, net	6	172,925,904	198,165,641
Right-of-use assets, net	7	10,430,859	7,952,797
Investment property, net	8	38,310,853	41,236,189
Intangible assets, net	9	473,014,882	310,099,056
Investments at FVPL	10	2,042,704	2,042,704
Advances to purchase property and equipment	11	11,286	-
Total non-current assets		696,736,488	559,496,387
Current assets			
Inventory	12	7,734,516	9,858,125
Trade receivables, net	13-1	152,674,126	160,774,160
Prepaid expenses and other receivables, net	13-2	67,541,819	67,671,920
Investments at FVPL	10	10,930,023	-
Cash and cash equivalents	14	37,271,833	55,916,656
Total current assets		276,152,317	294,220,861
Total assets		972,888,805	853,717,248
EQUITY AND LIABILITIES			
Equity			
Share capital	1	300,000,000	300,000,000
Statutory reserve	33	48,996,657	48,996,657
Retained earnings		3,788,049	13,437,313
Remeasurement losses on employees benefits		(4,204,758)	(3,152,209)
Work consolidation under control reserve	5	(122,747,412)	-
Total equity attributed to shareholders		225,832,536	359,281,761
Non-controlling equity		10,187,252	15,417,631
Total equity		236,019,788	374,699,392
LIABILITIES			
Non-current liabilities			
Long-term loans	15	90,936,314	94,144,894
Notes payable	17	3,561,300	8,309,700
Lease liabilities	19	6,078,770	5,085,613
Obligation under the Service Concession Agreement	23	317,513,811	196,449,882
Employees' post-employment benefits obligation	16	37,371,043	35,984,569
Total non-current liabilities		455,461,238	339,974,658
Current liabilities			
Current portion of long-term loans, Short term loans	15	174,319,333	55,894,203
Obligation under the Service Concession Agreement	23	12,232,440	4,557,850
Notes payable	17	4,748,400	4,748,400
Lease liabilities	19	4,041,004	2,900,077
Shareholder's accruals	18	18,831,587	18,893,933
Trade payables	20-1	18,004,812	12,847,467
Accrued expenses and other payables	20-2	42,339,254	32,895,161
Provision for zakat	21	6,890,949	6,306,107
Total Current liabilities		281,407,779	139,043,198
Total liabilities		736,869,017	479,017,856
Total liabilities and equity		972,888,805	853,717,248
Contingent liabilities and capital commitments	32		

The accompanying notes 1 through 39 form an integral part of these consolidated financial statements.

Chairman of the Board of Directors	Managing Director	Chief Financial Officer
Ahmed Mohammed AL-Sanie	Mohammed Saud Al-Zamil	Mohammed Mahmoud Tantawi

BATIC INVESTMENTS AND LOGISTICS COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF COMREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021
(Amounts in Saudi Riyals)

	Note	2021	2020 (Restated)
Revenues	24	**474,828,927**	516,927,771
Cost of revenue	25	**(426,418,478)**	(456,571,140)
Gross profit		**48,410,449**	60,356,631
General and administrative expenses	27	**(51,357,336)**	(44,651,379)
Operating (loss) / profit		**(2,946,887)**	15,705,252
Gain from sale of property and equipment		**607,534**	276,869
Expected credit loss allowance	13	**1,606,180**	(17,751,476)
Unrealized income from investments at FVPL		**930,023**	-
Dividend income		**150,000**	90,000
Other loss	26	**(397,590)**	2,428,120
Finance cost	28	**(10,588,845)**	(4,695,531)
Net loss before zakat		**(10,639,585)**	(3,946,766)
Zakat	21	**(6,426,404)**	(6,265,582)
Net loss for the year		**(17,065,989)**	(10,212,348)
Net loss attribuatable to:			
Company's shareholders		**(9,649,264)**	(11,618,811)
Non-controling equity		**(7,416,725)**	1,406,463
		(17,065,989)	(10,212,348)
Other Comprehensive Income:			
Items that will not be reclassified to profit or loss			
Actuarial loss for employees post-employment benefits	16	**(1,135,872)**	(2,902,511)
Total comprehinsive loss		**(18,201,861)**	(13,114,859)
Comprehinsive (loss) / income attribuate to:			
Company's shareholders		**(10,701,813)**	(14,306,069)
Non-controlling equity		**(7,500,048)**	1,191,210
		(18,201,861)	(13,114,859)
Basic and diluted loss per share from net loss attributable to the shareholders of the company	31	**(0.32)**	(0.39)

The accompanying notes 1 through 39 form an integral part of these consolidated financial statements.

Chairman of the Board of Directors	Managing Director	Chief Financial Officer
Ahmed Mohammed AL Sanie	Mohammed Saud Al-Zamil	Mohammed Mahmoud Tantawi

BATIC INVESTMENTS AND LOGISTICS COMPANY
(A Saudi Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(Amounts in Saudi Riyals)

	Share capital	Statutory reserve	Retained earnings	Remeasurement losses on employees' benefits	Work consolidation under control reserve	Total shareholders' equity	Non-controlling interest	Total
Balance as at 1 January 2020	300,000,000	48,996,657	25,056,124	(464,951)	-	373,587,830	14,544,195	388,132,025
Net loss for the year (restated)	-	-	(11,618,811)	-	-	(11,618,811)	1,406,463	(10,212,348)
Other comprehensive loss	-	-	-	(2,687,258)	-	(2,687,258)	(215,253)	(2,902,511)
Total comprehensive loss for the year	-	-	(11,618,811)	(2,687,258)	-	(14,306,069)	1,191,210	(13,114,859)
Change in non-controlling equity	-	-	-	-	-	-	(317,774)	(317,774)
Balance as at31 December 2020 (restated)	**300,000,000**	**48,996,657**	**13,437,313**	**(3,152,209)**	-	**359,281,761**	**15,417,631**	**374,699,392**
Net loss for the year	-	-	(9,649,264)		-	(9,649,264)	(7,416,725)	(17,065,989)
Other comprehensive loss	-	-		(1,052,549)	-	(1,052,549)	(83,323)	(1,135,872)
Total comprehensive loss for the year	-	-	(9,649,264)	(1,052,549)	-	(10,701,813)	(7,500,048)	(18,201,861)
Work consolidation under control reserve (note 5)	-	-	-	-	(122,747,412)	(122,747,412)	-	(122,747,412)
Change in non-controlling interest	-	-	-	-		-	2,269,669	2,269,669
Balance as at 31 December 2021	**300,000,000**	**48,996,657**	**3,788,049**	**(4,204,758)**	**(122,747,412)**	**225,832,536**	**10,187,252**	**236,019,788**

The accompanying notes 1 through 39 form an integral part of these consolidated financial statements.

Chairman of the Board of Directors	Managing Director	Chief Financial Officer
Ahmed Mohammed AL Sanie	Mohammed Saud Al-Zamil	Mohammed Mahmoud Tantawi

BATIC INVESTMENTS AND LOGISTICS COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Amounts in Saudi Riyals)

	Note	2021	2020 (Restated)
Cash flows from operating activities			
Net loss for the year before zakat		**(10,639,585)**	(3,946,766)
Adjustments for:			
Depreciation of property and equipment and investment property	6,8	**28,787,028**	27,326,735
Amortization of intangible assets	9	**11,401,251**	3,141,997
Depreciation of right-of-use assets	7	**3,317,315**	2,467,489
Expected credit loss allowance	13	**(1,606,180)**	17,751,476
Investment revenue at FVPL		**(150,000)**	(90,000)
Unrealized income from investments at FVPL		**(930,023)**	-
Employees' post-employment benefits obligation	16	**11,811,594**	9,926,534
Finance costs	28	**10,588,845**	4,742,399
Gain from sale of property and equipment		**(607,534)**	(276,869)
Changes in:			
Trade receivables		**12,438,933**	(38,620,368)
Prepaid expenses and other receivables		**(4,521,517)**	434,027
Inventory		**2,123,609**	(136,875)
Trade payables		**5,067,834**	3,498,813
Accrued expenses and other payables		**7,703,461**	4,873,764
Employees' post-employment benefits obligation paid	16	**(11,649,351)**	(14,972,299)
Zakat paid	21	**(5,841,563)**	(4,986,817)
Net cash generated from operating activities		**57,294,117**	**11,133,240**
Cash flows from investing activities			
Additions to investment properties	8	-	(652,179)
Additions to property and equipment	6	**(4,219,965)**	(56,744,881)
Additions to intangible assets	9	**(29,379,491)**	(19,572,416)
Additions to investments		**(10,000,000)**	(147,529)
Purchase of additional shares in a subsidiary		**(113,874,812)**	-
Dividend income		**150,000**	90,000
Proceed from sale of property and equipment		**4,354,030**	1,739,840
Change in Advances paid to purchase property and equipment		**(11,286)**	-
Cash flow from the acquisition of subsidiaries, net cash acquired		**(1,559,635)**	-
Net cash used in investing activities		**(154,541,159)**	**(75,287,165)**
Cash flows from financing activities			
Repayment to shareholders		**(62,346)**	(25,204)
Lease commitments		**(3,899,240)**	(2,358,352)
Payment for an obligation under a service concession agreement		**(17,524,784)**	-
Proceeds from loans	15	**181,060,175**	82,988,287
Repayment of loans and finance cost	15	**(69,821,394)**	(6,895,063)
Repayment of notes payable		**(4,748,400)**	(1,738,907)
Proceeds from notes payable		-	14,245,200
Change in non-controlling equity		**(6,401,792)**	(317,778)
Net cash generated from financing activities		**78,602,219**	**85,898,183**
Net change in cash and cash equivalents		**(18,644,823)**	**21,744,258**
Cash and cash equivalent at the beginning of the year	14	**55,916,656**	**34,172,398**
Cash and cash equivalents at the end of the year	14	**37,271,833**	**55,916,656**
Non-cash transactions			
Right to use asset against lease liabilities		**5,807,202**	4,002,499
Obligation under the Service Concession Arrangement		**139,890,174**	199,970,605
Prepaid expenses and other debit balances		-	6,400,972
Transfer of advance payments to purchase assets and property		-	(150,777)
Reclassification of fixed assets to intangible assets		-	(156,014)
Transfer from real estate and equipment to investment properties		**2,454,499**	-
Actuarial losses for employees' end of service benefits		**1,135,872**	-

The accompanying notes 1 through 39 form an integral part of these consolidated financial statements.

Chairman of the Board of Directors	Managing Director	Chief Financial Officer
Ahmed Mohammed AL Sanie	Mohammed Saud Al-Zamil	Mohammed Mahmoud Tantawi

(Amounts in Saudi Riyals)

1. Organization and principal activities

Batic Investments and Logistics Company (the "Company" or "Batic") - a Saudi Joint Stock Company - the previous name (Saudi Transport and Investment Company - Mubarrad) was established and registered in Riyadh under Commercial Registration No. 1010052902 on 13, Rabi` Al-Akhir ,1404H corresponding to 16 January 1984.

Based on the approval of the extraordinary general assembly of the shareholders of the company on 6/7/1438H corresponding to 3/4/2017, the second article of the company's by-law has been amended to change the name of the company from (Saudi Transport and Investment Company - Mubarrad) to (Batic Investments and Logistics Company).

The principal activities of the company are in the purchase and sale of land and real estate and its division, construc-tion of residential buildings and general construction of non-residential buildings, including (schools, hospitals, ho-tels, etc.), restoration of residential and non-residential buildings, construction and repair of roads, streets, sidewalks, road accessories, and finishing buildings.

The company's head office is located in Riyadh - Al-Olaya District - Al-Arz Street - PO Box 7939.

The company's financial year begins on the first of January and ends at the end of December of each calendar year.

Share Capital

As at 31 December 2021, The authorized capital of the company is 300 million Saudi Riyals, divided into 30 million common shares of equal value and fully paid, and the nominal value of the share is 10 Saudi Riyals.

Group's Structure

The consolidated financial statements include the financial statements of the parent company and its subsidiaries (collectively referred to as the "Group") as follows:

		2021		2020	
	Country of Domicile	% of direct investment	% of indirect investment	% of direct investment	% of indirect investment
Arab Security & Safety Services Company (AMNCO)	Saudi Arabia	**94.88%**	**-**	94.88%	-
Saudi Transport and Investment Company – Mubarrad	Saudi Arabia	**100%**	**-**	100%	-
Batic Real Estate	Saudi Arabia	**100%**	**-**	100%	-
Abeen Healthcare (Previously referred to as Al-Shifa Medical technology Company)	Saudi Arabia	**100%**	**-**	60%	-
AMNCO Facility Management Co. Ltd.	Saudi Arabia	**-**	**66.42%**	-	66.42%
Smart Cities ICT Solutions Company	Saudi Arabia	**72.8%**	**5.30%**	-	38.50%
Response Indicators Communications Company	Saudi Arabia	**-**	**56.92%**	-	-
Medical Bridges Company	Saudi Arabia	**-**	**75%**	-	-

2. Basis of preparation

2-1 Statement of compliance

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

2. Basis of preparation (continued)

2-2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit and loss measured at fair value and employees benefit which is measured at present value of defined benefit obligations using the Projected Unit Credit Method.

2-3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals, which is the functional currency of the Group. All financial information presented in SR has been rounded off to the nearest Saudi Riyal (SR), unless otherwise stated.

3. New standards, amendments to standards and interpretations

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

3-1 New amendments to standards issued and applied effective 1 January 2021

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 9, IAS 39, IFRS 4 And IAS 16	Adjustments to the Standard Interest Rate - Stage 2	January 1, 2021	These amendments modify specific requirements on hedge accounting to allow hedge accounting for the affected hedge to continue during the uncertainty period before the hedging items or hedging instruments affected by current interest rate standards are modified as a result of the current interest rate benchmark reforms. The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions made by the amendments to IFRS 9.
IFRS 16	Amendments to IFRS 16 Lease - COVID-19 Related Lease Concessions	April 1, 2021	This amendment extends the exemption from assessing whether a COVID-19 related lease concession is an adjustment to payments originally due for a lease on or before 30 June 2022 (instead of a payment due on or before 30 June 2021).

(Amounts in Saudi Riyals)

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

3-2 New standards, amendments and revised IFRS issued but not yet effective

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

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 37	Loss-laden contracts – the cost of fulfilling the contract	January 1, 2022	The amendments specify that the "cost of performing" a contract includes costs directly related to the contract. These amendments apply to contracts in which the company has not fulfilled all its obligations, starting from the first period in which the company applies that amendment.
IFRS 16, IFRS 9, IAS 41 and IFRS 1	Annual Amendments to International Financial Reporting Standards 2018-2020	January 1, 2022	IFRS 16: The amendment removes the clarification of recompensation to pay for leasehold improvements. IFRS 9: The amendment clarifies that when the “10 percent” test is applied to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment shall apply prospectively to adjustments and exchanges that occur on or after the date on which the entity first applies the amendment. IAS 41: The amendment removes the requirement of IAS 41 for entities to exclude tax cash flows when measuring fair value. IFRS 1: The amendment provides an additional exemption for a subsidiary to become applicable for the first time after the parent company in relation to accounting for cumulative translation differences.
IAS 16	Property, plant and equipment - proceeds before intended use	January 1, 2022	The amendments prohibit deducting from the cost of any item of property, plant and equipment any proceeds from the sale of items produced before that asset is available for use. In addition, the amendments also clarify the meaning of "testing whether an asset is working properly".
IFRS 3	Financial Report Concepts Framework	January 1, 2022	The amendment as a whole has been updated to IFRS 3 to refer to the conceptual framework of 2018 instead of the framework of 1989.
IFRS 17	Insurance contracts	January 1, 2023	This new accounting standard is comprehensive for insurance contracts that covers recognition, measurement, presentation and disclosure. Once in force, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005.

(Amounts in Saudi Riyals)

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

3-2 New standards, amendments and revised IFRS issued but not yet effective (continued)

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 1	Classification of liabilities as current or non-current	January 1, 2023	The amendment clarifies what is meant by the right to defer settlement, that the right to deferment must exist at the end of the reporting period, and that this classification is not affected by the possibility that the entity will exercise its right to defer only if it includes the derivatives in a convertible liability that is itself an equity instrument and will not The terms of commitment affect its rating.
IAS 1 and Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities in determining the accounting policies that must be disclosed in the financial statements.
IAS 8	Modification of accounting estimate definition	January 1, 2023	These amendments to the definition of accounting estimates help organizations distinguish between accounting policies and accounting estimates.
IAS 12	Income Taxes	January 1, 2023	This amendment addresses clarification regarding deferred tax accounting for transactions such as leases and decommissioning obligations.
Amendment to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and a partner or joint venture	do not apply	The amendments to IFRS 10 and IAS 28 deal with situations in which there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses result from the loss of control over a subsidiary.

Management expects that interpretations and amendments to these new standards will be applied in the Group financial statements when applicable, and the application of these interpretations and amendments may not have any material impact on the Group's financial statements in the initial application period.

4. Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements requires the Group to use certain estimates and assumptions that affect the amounts of assets, liabilities, revenues, and expenses, and the accompanying disclosures of contingent liabilities. Estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances, and whose results form the basis of to make judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. The revision of accounting estimates is charged in the period in which the estimates are revised and the future periods affected.

4-1 Impact of Covid-19

Since the beginning of the year 2020, the Corona pandemic (Covid-19) has spread globally across different geographical areas, causing business and economic activities to be disrupted. It is concluded that as of the date of issuance of these consolidated financial statements, there are no significant changes in the key judgments and estimates, and the Group is monitoring the ever-evolving scenarios and any change in the key judgments and estimates will be reflected as part of the operating results and cash flows for future reporting periods.

4. Significant accounting estimates and assumptions (continued)

4-2 Going concern

The Group's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

4-3 Impairment test on goodwill book value

The Group tests the goodwill assessment to determine its exposure to any impairment on an annual basis. The Group's management contracted with an independent consultant to test the impairment of goodwill by determining the recoverable value of the goodwill on the basis of the value in use of the cash-generating unit associated with the goodwill. This determination of the recoverable amount requires the use of assumptions based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and which are believed to be reasonable under the surrounding circumstances. Elements of significant judgments and assumptions include the following:

- Cash flow projections based on financial budgets approved by the management.
- Assumptions related to the expected economic conditions, especially growth in the markets in which the Group primarily operates.
- Assumptions about the impact of the Group's main competitors' actions on the revenue assumptions and the expected gross margin.
- The revenue growth rate and the terminal value growth rate used in the value in use model.

4-4 Estimating the residual values and useful lives of property and equipment

The company relies in determining the useful lives of property and equipment on historical experience with property and equipment with the same specifications and characteristics, as well as on the nature of the intended use of the asset. The estimate of the residual value of property and equipment depends on the sale prices of similar property and equipment that are fully depreciated by the company in an active market for remaining assets as they are considered insignificant.

4-5 The useful lives of intangible assets

The company includes its intangible assets, excluding goodwill, at cost, net of accumulated amortization and impairment losses. Intangible assets are amortized over their useful lives. Determining the useful lives of intangible assets requires the use of assumptions about the method on which the company will rely on recording the assets. These assumptions are based on historical experience, the contractual terms of the agreements related to intangible assets, and other factors, including expectations of future events that may have a financial impact on the company and which are believed to be reasonable under the surrounding circumstances. The main assumption on which management has based its estimates of the useful lives of the assets is the potential for renewal of the related contracts and future management plans.

4-6 Actuarial evaluation of the employees' end of service benefits obligations

The cost of the employees' end of service benefit compensation obligation is determined under the unfunded defined benefit program measured using the actuarial valuation. An actuarial valuation includes many assumptions that may differ from actual developments in the future. These assumptions include determining the discount rate, future salary increases, and employee turnover. Given the complexity of valuation and its long-term nature, the unfunded defined reward obligation is highly sensitive to changes in these assumptions. Therefore, all assumptions are reviewed once a year when necessary. International Accountant Standard No. (19) requires the use of actuarial assumptions to measure the liability for end-of-service benefits (end-of-service benefits provision), which is considered a defined benefit obligation. These assumptions include company management estimates of variables such as final salaries that will be used as the basis for calculating end of service benefits. The company has prepared these actuarial assumptions by involving an independent actuary based on the best estimate of the firm's management of these variables.

4. Significant accounting estimates and assumptions (continued)

4-7 Fair value measurement

The fair value measurement is the price received from if an assets was sold, or paid if a liability was transferred through a regular transaction between the dealers in the market at the date of measurement in the regular market conditions regarding if the price is noticeable directly or estimated using another evaluation method.
The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- Through the principal market for the asset or liability, or
- Through the most advantageous market for the asset or liability in the absence of the main market.

The principal market (or the most advantageous market) should be available to the company on the measurement date.

The fair value of the asset or liability is measured according to the assumptions that market participants use when pricing the asset or liability on the assumption that market participants act in order to achieve the best economic benefit for them. With regard to non-financial assets (investment real estate), this measurement takes into account the ability of market participants to generate economic benefits by using the asset to achieve the best benefit from it or by selling it to another market party to use it in a way that achieves the best benefit from it.

The company uses valuation methods appropriate to the circumstances and those methods for which sufficient data are available to measure fair value so that appropriate inputs that can be monitored and observed and the use of inputs that cannot be monitored and observed.

All assets and liabilities that are either measured at fair value or their fair value are disclosed in the consolidated financial statements are categorized according to a hierarchy of levels of fair value measurement, set out below based on the lowest level of measurement entry that is significant to the fair value measurement as a whole.

The inputs used in the fair value measurement techniques are categorized according to the hierarchy below:

Level 1: Quoted (unadjusted) and traded prices in active markets for assets or liabilities identical to those being measured.
Level 2: Inputs that can be observed or monitored for the asset or liability, directly or indirectly, other than the published prices included in the first level.
Level 3: Inputs that cannot be observed or observed for the asset or liability.

4-8 Expected credit losses provision on trade receivables

The Group uses a provision matrix to calculate the expected credit losses for its trade receivables. The provision record is initially based on the Group's historical observable default rates. The Group evaluates the matrix to adjust past credit loss experience with future information At each reporting date the observed default rates are updated, and changes in future estimates are analyzed.
The assessment of the relationship between historical and observed default rates and expected economic conditions and expected credit losses is a substantial estimate The amount of ECL is sensitive to changes in expected economic conditions and conditions. The Group's historical credit loss experience and expectations of economic conditions may not be representative of future customer defaults. Note 13 discloses information about the expected credit loss of the Group's trade receivables

4-9 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured on the basis of quoted prices in active markets, the fair value is determined using valuation methods including the discounted cash flow model. Inputs into these models are taken from observable markets where possible, and when this is not feasible, a degree of judgment is required to determine fair values. Estimates include considerations of inputs such as liquidity risk, credit risk and price risk. Factors that may affect the reported fair value of financial instruments The contingent consideration arising from a business combination is assessed at fair value at the acquisition date as part of a business combination when the contingent consideration meets the definition of a financial liability It is subsequently re-measured at fair value at each reporting date based on the determination of fair value To discounted cash flows, the key assumptions take into account the probability of achieving each performance objective and the discount factor.

4. Significant accounting estimates and assumptions (continued)

4-10 Provisions

A provision is recognized in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount thereof can be made. 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. Unwind of discount is recognized as a finance cost.

4-11 Discount rate to calculate present value

Discount rates represent the current market assessment of the risks specific to each entity, taking into account the time value of money and the individual risks of the underlying underlying assets that have not been incorporated into the cash flow estimates. Considering both debt and equity the cost of equity is derived from the expected return on investment by the entity's investors The cost of debt is based on the interest-bearing loans that the entity is obligated to provide Adjustments are made to the discount rate to take into account the exact amount and timing of future tax flows in order to reflect the rate Pre-tax/zakat deduction.

5. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are listed below. These policies have been consistently applied throughout the year presented, unless otherwise stated.

Basis of consolidation

Accordingly, comprises the financial statements of the parent company and its subsidiaries. Subsidiaries are entities that are controlled by the company. Control is achieved when the company 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 Company controls an investee, if and only if, the Company has all of the following:

• 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, and
• The ability to exercise its power over the investee to influence its returns.

Generally, there is an assumption that the majority of voting rights result in control. In support of this assumption, when the Company has less than a majority of the voting or similar rights of an investee, the Company 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 which grant the parent company the ability to direct the relevant activities.
• The Company’s voting rights and any potential voting rights.

The Company re-assesses whether it has control over an investee, if the facts and circumstances indicate any changes in one or more of the three control elements. The consolidation of the subsidiary begins from the date when the Company obtains control over the subsidiary and ceases when the Company loses its control over the subsidiary.

The assets, liabilities, revenues and expenses of a subsidiary acquired during the year are recognized in the consolidated Financial Statements from the date the Company obtains control until such control ceases to exist.

Gains or losses and each of the other comprehensive income items are attributed to the shareholders of the parent company and 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 the subsidiaries to make their accounting policies consistent with the Company’s accounting policies. All assets, liabilities equity, revenues, expenses and cash flows related to intra-company transactions are entirely eliminated upon consolidation of the Financial Statements.

5. Significant accounting policies (continued)

Basis of consolidation (continued)

Changes in Company's ownership interests in any subsidiary that do not result in loss of control are treated as equity transactions.

According to the sale and purchase agreements signed between Batic Investments and Logistics and some of the owners of Smart Cities Solutions for Communications and Information Technology (a subsidiary company), the details of which are as follows:

- On May 1, 2021, an agreement was signed to buy and sell shares between Batic Investment and Logistics Company and Smart Parking Holding Company, according to which Batic will purchase 35.8% of the shares of Smart Parking Holding Company in the capital of Smart City Solutions for Communications and Information Technology (a subsidiary company).) In exchange for a cash amount of 107,874,812 Riyals, and on October 3, 2021 AD, the purchase process was completed and the shares were transferred to BATIC.
- On October 3, 2021, an agreement was signed to buy and sell stakes between Batic Investment and Logistics Company and Hazoon Holding Company, according to which Batic will purchase 2% of Hazoon Holding Company's shares in the capital of Smart Cities Solutions for Communications and Information Technology (a subsidiary) in return for cash amounted to 6,000,000 Saudi Riyals, and on October 3, 2021, the purchase process was completed and the shares were transferred to BATIC.

In accordance with the requirements of International Financial Reporting Standard No. (10) "Consolidated Financial Statements" paragraphs 23 and paragraph B 96, which states:

- Paragraph No. 23: "Changes in the parent entity's ownership interest in a subsidiary entity that do not result in the parent entity losing control of the subsidiary entity are equity transactions (i.e. transactions with owners in their capacity as owners)."
- Paragraph B 96: When the proportion of equity held by the non-controlling interests changes, the entity must adjust the carrying amounts of the non-controlling and non-controlling interests to reflect the effect of changes in their relative interests in the subsidiary, and the entity must recognize directly in equity, i.e. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received and attributed to the owners of the parent entity.

Subtracting the aforementioned amounts from the book values of these controlling interests resulted in differences of 122,747,412 Riyals, which were recognized in the consolidated equity.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are all companies controlled by the Group. The group controls an entity when the group has rights or variable returns as a result of its participation in the entity in addition to its ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are discontinued from the date that control ceases.

The Group uses the acquisition method of accounting to calculate business combinations entered into by the Group. The consideration transferred for the acquisition of a subsidiary represents the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group.

The consideration includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Group recognizes, on an acquisition-by-acquisition basis, any interest other than controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

5. Significant accounting policies (continued)

Subsidiaries (continued)

Any consideration likely to be transferred by the Group is recorded at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration to be classified as assets or liabilities in accordance with the requirements of IFRS 9 "Financial Instruments" are calculated either in the profit or loss account or charged to other comprehensive income. Contingent consideration that is classified under equity is not remeasured and its subsequent settlement is recognized in equity.

The excess of the consideration transferred over the value of the non-controlling interest in the acquired company and the acquisition-date fair value of any previous ownership interests in the acquired company over the fair value of the group's share of the identifiable net assets acquired is included under goodwill. In the event that the sum of the transferred consideration, the imputed non-controlling interest and the imputed interest previously owned is less than the fair value of the net assets of the subsidiary acquired through a swap purchase agreement, the difference is calculated directly in the profit and loss in the statement of consolidated comprehensive income.

Disposed transactions on consolidating Financial Statements

All internal transactions, balances and unrealized profits on transactions between group companies are eliminated. Unrealized losses are also eliminated. The amounts reported by the subsidiaries, where applicable, have been adjusted to conform to the Group's accounting policies.

Classification of current and non-current items

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

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

All other assets are classified as non-current Assets.

A liability is current when:

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

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses in the accumulated value (if any). The cost includes all costs directly associated with creating or acquiring the asset on site and in the condition necessary for it to be intended for use for its intended purpose. Significant portions of property and equipment are depreciated separately from other parts.

When a major inspection is performed, its cost is recognized within the carrying amount of an item of property and equipment as a replacement if the criteria for evidence in the consolidated financial statements are satisfied. Other maintenance and repair costs are included in the consolidated statement of comprehensive income when incurred.

Depreciation is calculated using the straight-line method over its expected useful life at rates calculated to reduce the cost of the asset down to its estimated residual value as follows:

5. Significant accounting policies (continued)

Property and equipment (continued)

	Years
Buildings and construction	20
Locomotives, trailers and auto refrigeration units and cars	4-15
Prefabricated workshops and homes equipment	6.5-20
Plant and equipment's	5
Furniture	5

The residual values and useful lives of the assets are reviewed, and adjusted if necessary, at the end of each reporting period, when the carrying amount of the asset is greater than its estimated recoverable amount, it is directly reduced to the recoverable amount.

Profits and losses resulting from disposal operations are determined by comparing the returns with the book value, and it is calculated under (other income / expenses - net) in the consolidated statement of comprehensive income.

Capital work in progress is shown at cost and includes property and equipment being developed for future use. When it is ready for use, it is transferred to the appropriate category and depreciation is calculated on it according to the company's policy.

Relationships with clients are established by continuous communication and prior transactions between the acquirer and its customers, and its value is determined.

Investment properties

Investment properties are non-current assets held either to earn rental income or capital appreciation or both, but not for sale in context of normal operations, or their use in the production or supply of goods or services, or for administrative purposes. Real estate investment is measured at cost upon initial recognition thereafter, at cost less accumulated depreciation and impairment losses, if any.

Investment properties are derecognized when sold or occupied by the owner or if they are not held for an increase in their value.

Intangible assets

The intangible assets whose useful life is defined and which have been acquired separately are shown at cost less accumulated amortization and accumulated impairment losses. Any changes in estimates on a prospective basis. Intangible assets with indefinite useful lives that have been acquired separately are shown at cost less accumulated impairment losses.

Intangible assets are derecognized when they are disposed of or when it is anticipated that no future economic benefits will arise from their use or disposal. The gains or losses arising from the derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

Smart Parking Franchise

The Group's operations in relation to the smart parking project are carried out under long-term concession arrangements. The Group recognizes concession rights in project parking lots resulting from the franchise service arrangement, which is under the control of the public sector (the "grantor") or regulates the services provided and fixed prices as well as controls any significant remaining interest in infrastructure such as property and equipment in the case of the grantor's infrastructure or created or purchased by the Group as part of a franchise service arrangement.

The Group recognizes an intangible asset arising from a service concession arrangement when it has a right to benefit from the concession infrastructure usage fees. Intangible assets received as consideration for the provision of construction or development services in a service concession arrangement are measured at fair value on initial recognition by reference to the fair value of the services.

5. Significant accounting policies (continued)

Smart Parking Franchise (continued)

The parking concession rights include all costs incurred in connection with the parking lot. Port concession rights also include certain property, plant and equipment that are classified as intangible assets in accordance with the interpretation of IFRIC 12 Service Concession Arrangements. The intangible in service concession arrangements is the period during which the Group is able to charge the public for the use of smart parking until the end of the concession term of 25 years or for the life of the underlying assets – whichever is shorter.

Goodwill

Goodwill represents the increase in the cost of acquisition over the fair value of the company's share of the identifiable net assets of the subsidiary acquired on the date of acquisition. Goodwill arising from acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized, but it is subject to an annual or shorter impairment check if events or changes in circumstances indicate a potential decline in value. Goodwill is stated at cost less accumulated impairment losses. Gains and losses arising from the disposal of any entity include the carrying value of the goodwill related to the entities sold.

Goodwill is allocated to the cash-generating units for the purpose of assessing impairment. The allocation is made to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination that creates the goodwill. Units or groups of units are identified at the lowest level through which goodwill is monitored for internal management reporting.

Trademark

A trade name consists of the value of the trademarks acquired through the business combination process. This value is determined by calculating the present value of the future economic benefits expected to arise from the use of these trademarks in the market. The commercial name of the subsidiary is expected to be used over a period of 20 years, and therefore this trade name is subsequently included at cost after deducting the accumulated depreciation and impairment losses.

Technology and systems

The technology consists of the suite of systems and devices used to increase security and positioning systems acquired through the business combination process. These costs are amortized over the period during which the company is expected to use the technology, which is estimated at a period of 5 years. Therefore, the technology is subsequently included at cost after deducting the accumulated depreciation and impairment losses.

Relationship with clients

Relationships with clients are established by continuous communication and prior transactions between the acquirer and its customers. Its value is determined by calculating the present value of the future economic benefits that are expected to arise from these relationships. Amortization is calculated using the straight-line method to allocate the costs over the estimated useful lives of eight years.

Unfinished business

Relationships with clients also arise through work-in-progress and unfinished business contracted on the date of the acquisition. Its value is determined by calculating the present value of the future economic benefits that are expected to arise from these relationships. Amortization is calculated using the straight-line method to allocate the costs over the estimated useful lives of 44 months.

Projects under progress

Projects under progress are recorded at cost. Cost includes all direct expenditures related to bringing the asset to a condition that allows it to be used for its intended purpose. The project under construction is transferred to real estate, machinery and equipment when it is completed and ready for its intended use.

5. Significant accounting policies (continued)

Group as a lessee

The company evaluates whether the contract contains a lease at the beginning of the contract. The company recognizes the right-of-use principal and the corresponding lease liability in respect of all lease agreements in which the company is the lessee, with the exception of short-term leases (which are recognized as leases of 12 months or less) and leases for low-value assets. For these leases, the company recognizes lease payments as operating expenses on a straight-line basis over the term of the contract unless there is another regular basis more representative of the time pattern in which the economic benefits from the leased asset are exhausted.

Right of use assets and lease liabilities

The lease liability is initially measured at the present value of the lease payments not paid on the commencement date, discounted using the rate implicit in the lease agreement. If this rate cannot be easily determined, the company uses an implicit interest rate.

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

- Fixed rental payments (including fixed principal payments), less any rental incentives.
- Variable rental payments that are index or price dependent, initially measured using the index or price at the start date,
- The amount expected to be payable by the tenant under residual value guarantees,
- The price of executing purchase options, if the tenant is reasonably sure to exercise those options, and
- Pay fines to terminate the lease, if the lease agreement demonstrates the exercise of the option to terminate the lease

The lease liability is presented in a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes the corresponding adjustment to the related right-to-use asset) whenever:

- The terms of the lease have changed or there has been a change in the evaluation of the purchase option exercise, in which case the lease liability is remeasured by deducting the revised lease payments using a modified discount rate.
- The lease payments have changed due to changes in an index or price or a change in the expected payment according to the guaranteed residual value, in which case the lease liability is remeasured by deducting the adjusted lease payments using the initial discount rate (unless the lease payments change due to a change in the prevailing interest rate, in this case a modified discount rate is used.)
- The lease has been amended and the lease amendment is not accounted for as a separate lease contract, in which case the lease liability is remeasured by deducting the revised lease payments using a modified discount rate.

The company has not made any such adjustments during the periods presented.

Group as a lessor

When the Group is the lessor, it determines at the lease inception date whether the lease is a finance lease or an operating lease. In order to classify each lease, the Group assesses whether the lease transfers substantially all the risks and rewards of ownership of the underlying assets. In this case, the lease is finance, otherwise it is classified as an operating lease. When the Group is an intermediary lessor, its rights in the main lease are accounted for separately from the sub-lease. It classifies a sub-lease in view of the right of use arising from the main lease rather than in relation to the underlying assets.

Rental income from operating leases is recognized on a straight line basis over the term of the relevant lease. The initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the term of the lease.

For contracts that have a lease component and a non-lease component, the Group allocates the consideration in the contract by applying IFRS 15. The Group also applies the derecognition and impairment requirements in IFRS 9 to lease receivables financing.

5. Significant accounting policies (continued)

Right of use assets

It includes the right to use the initial measurement assets for the corresponding rental obligation, lease payments made on or before the commencement day and any initial direct costs. It is subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Right-to-use assets are depreciated over the lease term and the useful life of the main asset, whichever is shorter. If the lease transfers ownership of the underlying asset or the cost of the right-to-use asset shows that the company expects to exercise the purchase option, the relevant right-to-use asset is depreciated over the useful life of the underlying asset. Depreciation starts on the date of the commencement of the rental.

The Group applies International Accounting Standard No. (36), impairment of assets value, to determine whether there has been any decline in the value of the right to use assets.

Variable lease payments

In the case of lease contracts that contain variable payments related to the use or performance of the leased assets, these payments are recognized in the consolidated statement of other comprehensive income.

Extension and termination options

When determining the term of the lease, management takes into account all facts and circumstances that create an economic incentive to exercise the option of extension, or not to exercise the option of termination. Extension options or post-termination options are included in the lease term only if the extension or non-termination of the lease is reasonably certain. The Company evaluates whether it is reasonably certain to exercise extension options when evaluating the lease. The Company reassesses whether it is reasonably certain to exercise options if there is a material event or change of circumstances within the limits of control.

Inventory

Inventories are valued at the lower cost and net realizable value, and the cost is determined on a weighted average basis. It includes the expenses incurred in acquiring the inventory and bringing it to its present location and condition. The net selling value represents the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

Inventory is reduced to net realizable value or a provision is made for obsolescence in the event of any change in the pattern of use or physical appearance of the relevant stock.

Impairment of non-financial assets

Assets that do not have a specific useful life such as goodwill are not subject to amortization. Rather, they are examined annually for impairment in their value. At the date of each financial position statement, a determination is made whether there are any indications of a decline in the value of non-financial assets. In the event that there are indicators in relation to an asset, or when an annual impairment test is required, the Group estimates the asset's recoverable amount (recoverable value) and assesses it for goodwill (if any) annually. The recoverable amount is determined from the asset alone, or from the cash-generating unit to which the asset belongs if the asset does not generate cash flows that are largely independent of the flows from other assets or groups of assets. The recoverable amount is measured as (a) the fair value of the asset (or cash-generating unit) minus the costs of disposal, or (b) the asset's use-of-value (that is, the present value of the future cash flows expected to be obtained from the asset or cash-generating unit) whichever is greater. The carrying amount of the asset is reduced to the recoverable amount only when the recoverable amount of the asset is less than it carrying amount, and that reduction is considered an impairment. An impairment is recognized immediately in profit or loss. An estimate is made at each reporting date to determine whether there is an indication that the previously recognized impairment losses no longer exist or that the value of these losses has decreased.

An impairment recognized in prior periods for a single asset or cash-generating unit is reversed only when there has been a change in the estimates used to determine the recoverable amount of the asset or generation unit since the last impairment loss was evidenced. Where, in this case, the carrying amount is increased to the recoverable amount, and if the reversal of the impairment relates to a single asset, the carrying amount that would have been determined should not increase if a loss was not proven in previous years. A reversal of an impairment is recognized as income in the consolidated statement of comprehensive income for the financial period in which it occurs.

5. Significant accounting policies (continued)

Financial instruments

A financial instrument is any contracts that give rise to the financial assets of one entity and financial liabilities or equity instruments of another entity.

The group recognizes its financial assets and financial liabilities in the consolidated statement of financial position only when the company becomes a party to the contractual provisions of the instrument.

Financial assets

When a company acquires a financial asset, the financial asset is classified at amortized cost or at FVTOCI or FVTPL on the basis of both (a) the business model for managing a group of financial assets and (b) the contractual cash flow characteristics of the financial asset.

Initial measurement of the financial asset

A financial asset is measured on initial recognition at fair value plus transaction costs, with the exception of financial assets at fair value through profit or loss, which are measured at fair value without adding transaction costs.

Amounts receivable from trade debtors are measured at their transaction price (as per the definition in IFRS 15 “Revenue from Contracts with Clients” if the amounts due from commercial debtors do not include a significant financing component in accordance with IFRS 15.

Subsequent measurement of the financial asset

After initial recognition, the Group makes the subsequent measurement of the financial assets based on the classification of the financial assets as follows:

- At amortized cost using the effective interest method, if the company’s goal is to maintain a group of financial assets to collect contractual cash flows on specific dates, which are only payments from the principal amount and interest on the principal amount outstanding.
- At fair value through other comprehensive income, if the company’s goal is to maintain a group of financial assets to collect contractual cash flows and sell financial assets, and that the contractual terms of the financial asset give rise on specific dates to cash flows that are - only - payments from the principal amount and interest on the original outstanding amount.
- At fair value through other comprehensive income, if the company used this measurement option available in IFRS 9 Financial Instruments in relation to equity instruments. Subsequent changes in the fair value as well as the gains / (losses) on sale are recognized in other comprehensive income. The resulting dividends are recognized in profit or loss.

Derecognition of the financial asset

The Group derecognizes a financial asset only when:

- The expiration of contractual rights to cash flows from the financial asset, or
- Transferring contractual rights to receive cash flows from the financial asset and transferring approximately all risks of ownership of the financial asset, or
- Retaining contractual rights to receive cash flows from the financial asset while incurring a contractual obligation to pay cash flows to one or more recipients and transferring nearly all the risks of ownership of the financial asset, or
- Transferring the contractual rights to receive cash flows from the financial asset without transferring, nor keeping nearly all the risks of ownership of the financial asset if it has not retained control over the financial asset. or
- Maintaining the contractual rights to receive cash flows from the financial asset, bearing a contractual obligation to pay cash flows to one or more recipients without transfer, nor keeping nearly all the risks of ownership of the financial asset if it has not maintained control over the financial asset.

5. Significant accounting policies (continued)

Derecognition of the financial asset (continued)

When a financial asset is derecognized in its entirety, the difference between the book value on the date of the derecognition and the compensation / consideration received (including any new asset that was acquired minus any new obligation charged) is recognized in profit or loss.

Impairment of financial assets

The Group evaluates the expected credit losses related to its financial assets on a prospective basis. The impairment method applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivables, the Group applies the simplified approach permitted by the International Financial Reporting Standard (9), which requires that expected losses to be recognized over the life of these receivables as of their initial recognition.

Financial liabilities

The Group classifies all financial liabilities that are measured subsequently at amortized cost.

Derecognition of financial liabilities

The Group derecognizes the financial liability (or part of the financial liability) from its consolidated statement of financial position when it is amortized; That is when the specified liability in the contract is paid, canceled or expired.

Amortized cost of the financial asset or liability

The amount by which a financial asset or liability is measured upon initial recognition minus payments of the principal amount, plus or minus the accumulated amortization using the effective interest method for any difference between that initial amount and the amount on the maturity date.

Cash and cash equivalents

Cash and cash equivalents include cash at banks, funds and investments with maturities of three months or less from the date of acquisition and which are subject to insignificant risk of changes in value.

Employee benefits

Employee end of service obligation benefits

Employees end of service obligation is a compensation obligation that is paid to employees after the end of their services. According to the Saudi Labor Law, the company makes payments to employees upon the end of their services, which are usually based on years of service, salary and the reason for termination of service. The liabilities recognized in the consolidated statement of financial position in relation to the end of service benefit are the present value of the defined benefit liability at the end of the financial reporting period. The defined benefit obligation is calculated annually by management using the projected unit credit method.

The current service cost of the defined benefit list recognized in the consolidated statement of comprehensive income is included in the employee benefit expense, unless it is included in the cost of the asset, and reflects the increase in the defined benefit obligation resulting from the employee’s service in the current year and cases of change, reduction and settlement of benefits.

5. Significant accounting policies (continued)

Employee end of service obligation benefits (continued)

Past service costs are recognized immediately in the consolidated statement of comprehensive income. The present value of defined benefit liabilities is determined by discounting the estimated future cash outflows using rates of return on corporate bonds with a high credit rating, valuated in the currency in which the benefits are paid and which have deposits that approximate the related benefit liabilities. In the absence of a wide market for these companies, government bond market prices will be applied. Actuarial gains or losses arising from prior adjustments and changes in actuarial assumptions are charged and recognized in the consolidated statement of comprehensive income in the period in which they occur.

Short-term employee benefits

Short-term employee benefits are employee benefits that are expected to be fully settled within twelve months after the end of the annual financial reporting period in which employees provide the service to which they relate. Amounts (not deducted) for the service provided by the employee to the company during an accounting period are included as an expense and the related liability (expense due) is measured by the undiscounted amount of the employee's short-term benefits expected to be paid in exchange for the services provided by the employee.

The obligation relating to expected benefit payments is recognized when there is a present statutory or implied obligation for the group to make such payments as a result of previous services provided by the employee and that an estimate can be made that can be relied upon for the obligation.

Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred, and then subsequently recognized at amortized cost with amortizing any difference between the proceeds (net of transaction costs) and the recovered value in the consolidated statement of comprehensive income over the period of the borrowing using the effective commission method.

Fees paid to enter into borrowing facilities are accounted for as transaction costs of the loan, provided there is a possibility that some or all of the facilities will be drawn down. In this case, the fee is deferred until the withdrawal occurs. In the event that there is no evidence that some or all of the facilities may be withdrawn, the fees are capitalized and recorded in the advance payments for liquidity services, and they are amortized over the period of the facilities related to them.

Finance costs mainly represent expenses payable on borrowings obtained from financial institutions at normal commercial rates, and are recorded in expenses in the consolidated statement of comprehensive income in the period in which they are incurred.

Borrowing costs directly related to the acquisition, construction or production of any qualifying asset are capitalized during the period of time required to complete and prepare the asset for its intended use. All borrowing costs are recognized in expense on a time proportion basis using the effective interest rate method.

Borrowings are classified within current liabilities unless the company has an unconditional right to postpone the settlement of the obligation for a period of not less than twelve months after the date of the consolidated financial position.

Accruals and other credit balances

Other credit balances are obligations to pay suppliers' dues, employee benefits, and other receivables. Other payables are classified as current liabilities if these receivables are due within one year or less. Otherwise, they are presented as non-current liabilities. Financial liabilities included in accounts payable and other liabilities are recognized initially at fair value and subsequently at amortized cost. The fair values of the Company's payables equal their amortized cost when they are proceeded in one year or less.

5. Significant accounting policies (continued)

Provisions

Provisions are recognized when the group has liabilities (legal or contractual) at the consolidated statement of financial position date arising from past events and the repayment of the liabilities is likely to result in an outflow of economic benefits and their value can be measured reliably. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to that obligation.

Value add Tax

Revenues, expenses and assets are recognized after deducting VAT, except for:

- When the VAT incurred in connection with the purchase of assets or services is non-refundable from GAZT, in this case, the transaction tax is recognized as part of the cost of purchasing the asset or as part of the expense's items, where applicable; and
- Receivables and payables that are included with the transaction tax amount.
- The net amount of VAT recoverable from, or payable to, GAZT and income is included as part of receivables or payables in the consolidated statement of financial position.

Revenue

Revenue is recognized according to the five step inputs:

First step: Defining the group for the contract with the client in the following cases:
- The contract and commitments have been approved by the parties
- Defining every party right
- Definition payment terms
- The contract has a commercial content. And
- Collectability

Second step: The group identifies all goods or services promised in the contract and determines whether to account for each promised good or service as a separate performance obligation.
The good or service is considered distinct and is separated from the other obligations in the contract if both of them are:
- The customer can benefit from the good or service separately or with other resources that are readily available to the customer. And
- The good or service is defined separately from the other goods or services included in the contract.

Third step: The group determines the transaction price, which is the consideration amount it expects in exchange for transporting promised goods or services to a customer.

Fourth step: The transaction price is allocated in an arrangement for each independent performance obligation based on the relative independent selling prices of the goods or services provided to the customer.

Fifth step: Revenue is recognized when control of the goods or services is transferred to the customer. The group transfers a good or service when the customer obtains control of that good or service. A customer obtains control over a good or service if he has the ability to direct the use and entitlement of the benefit from the good or service. In the comparison period, revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be measured reliably, regardless of when the payment was received. Revenue is measured at the fair value of the consideration received or receivable, subject to contractually defined payment terms and the exclusion of taxes or fees. The company concluded that it is the principal in all of its revenue arrangements, has price freedom and is susceptible to inventory and credit risk. Dividend income is recognized when the company's right to receive dividends from its various investments can be demonstrated. This is usually achieved when the shareholders have formally approved a dividend. Revenue consists of the fair value of the consideration received or receivable from the sale of goods and services in the normal course of business of the group's activities. Revenue is reported net of returns, discounts and discounts. The company records revenue when the value of the revenue can be measured reliably, and it is probable that future economic returns will flow to the group, and when specific criteria are met for each of the group's activities, as shown below. The amount of revenue is not considered reliably measurable until all contingent liabilities associated with the sale have been settled.

5. Significant accounting policies (continued)

Revenue from providing services

Revenue from providing services is recognized in the accounting period in which the group provides the agreed services to its customers. Revenue is calculated for fixed-value and incomplete contracts at the end of the period in proportion to the service provided until the end of the period from the total service agreed upon in the contract.

Real estate segment revenue

Revenue from the real estate segment includes income from rental, property management and property sales.

Real estate rental income is recognized on a straight-line basis over the term of the lease agreement. When the group provides a discount on the rent as an incentive to its clients, whether at the beginning or the end of the period, the cost of this discount is distributed in a straight-line method over the contract period and deducted from the rental income. Real estate management revenues are recognized in the accounting period in which the service is provided to its clients. In the event that the group acts as a middleman, only the commission value is recognized as revenue and not the total contract value.

Construction, equipping and operating services revenue

Revenue relating to construction and fit-out services under service concession arrangements is recognized over time in line with the Group's accounting policy for construction contract revenue recognition. Operational or service revenue is recognized in the period in which the services are provided by the Group. If the service concession arrangement contains more than one performance obligation, then the consideration is allocated to a recipient by reference to the relative independent selling prices of the services provided.

Dividend income

Dividend income is recognized when the company's right to receive dividends from its various investments can be recognized. This is usually achieved when the shareholders have formally approved a dividend.

Cost revenue

The cost of revenue includes all direct operating expenses related to transportation and the generation of transport revenues, including the costs of services from external sources (security, maintenance, repair, leasing services ... etc.) and the costs of the security guards Segment, feeding ATMs, transferring money, counting money, maintenance and operation, fuel, oils, labor, rental of means of transport and work places and depreciation of the transportation fleet, insurance, and all other direct expenses. Other operating expenses are considered general and administrative expenses.

Expenses

General and administrative expenses include direct and indirect expenses that are not directly related to the costs of the services presented. And it is distributed, if necessary, between general and administrative expenses, cost of services and other expenses on a fixed basis.

Finance costs and finance income

Finance costs directly attributable to the purchase, construction or production of an asset that requires a significant period of time to be ready for its intended use or sale are capitalized as part of the cost of the asset and all other borrowing costs are expensed in the period in which they occur. Finance costs consist of interest expenses on loans, bank facilities and lease liabilities. Finance income consists of interest income on the money invested. Interest income is recognized as it accrues in the consolidated statement of profit or loss using the effective interest method.

5. Significant accounting policies (continued)

Zakat provision

Zakat provision is calculated annually in the consolidated financial statements in accordance with Zakat, Tax and Customs Authority regulations in the Kingdom of Saudi Arabia. Any amendments that may occur upon the final assessment of Zakat are recorded in the consolidated statement of comprehensive income in the year in which the final assessment is received, in which case the provision is settled.

Value added tax

Expenses and assets are recognized after deducting the amount of value added tax, unless the value added tax incurred on the purchase of assets or services is not refundable, then the value added tax is recorded as part of the cost of acquiring the assets or as part of the expense item as applicable.

Share earnings

The company presents basic earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders in the company based on the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the weighted average number of shares existing equity to demonstrate the conversion effects of all potentially diluted ordinary shares. The company does not have any potential dilutive ordinary shares.

Segment Reporting

A business segment is a group of assets, operations or entities:
• Participates in business activities that may generate revenues for him and incur expenses, including revenues and expenses related to operations with other elements of the group,
• The results of its operations are analyzed on an ongoing basis by the chief operating decision maker in order to make decisions regarding resource allocation and performance assessment, and
• For which financial information is available independently

Includes Segment results reported to the chief operating decision-maker that include items directly attributable to a Segment as well as those that can be allocated on a reasonable basis.

A geographical Segment is a group of assets, operations or entities engaged in income-producing activities within a specific economic environment that are subject to risks and returns different from those operating in other economic environments.

For management purposes, the Group is organized into business units based on its products and services and has nine Segments that can be reported as follows:

• Real Estate Investment segment
• Land Transport segment
• Security guards segment
• ATM Feeding segment
• Insured money transfer segment, counting and sorting of money and correspondence
• Maintenance and Operation segment
• Medical Equipment Supply segment
• Home medical services and physiotherapy segment
• Smart Parking Segment

Statutory reserve

In line with the requirements of the Companies Law and the company's by-law, (10%) of the annual net profits is set aside to form the statutory reserve for the company. It is permissible to discontinue this reserve when the aforementioned reserve reaches (30%) of the paid-up capital.

5. Significant accounting policies (continued)

Operation in foreign currencies

Transactions in foreign currencies were converted into the currency of the activity using the exchange rates prevailing on the dates of the transactions or valuation when re-measuring. Foreign exchange gains and losses resulting from the settlement of these transactions and the transfer of assets and liabilities are also calculated. In foreign currencies, at the rates prevailing at the end of the year, through the consolidated statement of comprehensive income.

Foreign exchange gains and losses are presented through the consolidated statement of comprehensive income under (other income / (expenses), net.

Contingent Liabilities

Any obligations that may arise from past events and whose existence is only confirmed by the occurrence or non-occurrence of one or more future events that are not asserted that is not within the group's full control, or a current obligation that is not recorded because it is unlikely that an outflow of resources will be required to settle the obligation. In the event that the amount of the obligation is not able to be measured with sufficient reliability, it is not included among the contingent liabilities, but rather disclosed in the consolidated financial statements.

(Amounts in Saudi Riyals)

6. Property and equipment, net

	Lands*	Buildings, decoration	Tracks, trailers cooling unit and cars	Workshop's equipment and containers	Machinery, equipment and security	Furniture and office equipment	2021	2020
Cost								
1 January	46,915,531	15,126,214	279,113,820	7,902,640	11,935,192	29,092,412	390,085,809	341,998,322
Additions	-	52,268	21,444	-	11,002	63,772	148,486	-
Transferred assets acquisition	-	29,500	1,673,460	98,500	1,628,218	790,287	4,219,965	57,051,672
Transferred from investment properties	1,214,784	1,239,715	-	-	-	-	2,454,499	-
Disposals	(2,610,000)	(1,640,121)	(7,411,644)	-	(260,516)	(804,479)	(12,726,760)	(8,964,185)
31 December	45,520,315	14,807,576	273,397,080	8,001,140	13,313,896	29,141,992	384,181,999	390,085,809
Accumulated depreciation								
1 January	-	5,623,020	161,007,667	4,650,494	5,328,096	15,310,891	191,920,168	172,758,888
Charged on the year	-	1,257,958	20,730,043	506,897	2,361,957	3,459,335	28,316,190	26,662,495
Disposals	-	(1,605,960)	(6,595,803)	(5)	(260,516)	(517,979)	(8,980,263)	(7,501,215)
31 December	-	5,275,018	175,141,907	5,157,386	7,429,537	18,252,247	211,256,095	191,920,168
Net book value								
As at 31 December 2021	45,520,315	9,532,558	98,255,173	2,843,754	5,884,359	10,889,745	172,925,904	-
As at 31 December 2020	46,915,531	9,503,194	118,106,153	3,252,146	6,607,096	13,781,521	-	198,165,641

* Includes mortgaged lands for some local banks (note 15)

(Amounts in Saudi Riyals)

7. Right of use assets, net

	2021	2020
Cost		
1 January	**11,706,862**	7,569,512
Additions	**5,795,377**	4,137,350
31 December	**17,502,239**	11,706,862
Accumulated depreciation		
1 January	**(3,754,065)**	(1,286,576)
Charged for the year	**(3,317,315)**	(2,467,489)
31 December	**(7,071,380)**	(3,754,065)
Net book value		
31 December	**10,430,859**	7,952,797

8. Investment property, net

Investment property consists of lands and buildings designated for investment and leasing them mainly to others, and the movement was as follows:

	2021	2020
1 January	**42,374,716**	42,047,900
Additions	**-**	326,815
Transferred to property and equipment	**(2,454,499)**	-
31 December	**39,920,217**	42,374,715

Accumulated depreciation	2021	2020
1 January	**(1,138,526)**	(643,555)
Charged during the year	**(470,838)**	(494,971)
31 December	**(1,609,364)**	(1,138,526)
Net book value	**38,310,853**	41,236,189

The net book value of the investment properties as on December 31, 2021 amounted to SAR 38,310,853 (December 31, 2020: 41,236,189 SAR), and the investment properties in Riyadh and Jeddah were evaluated by a qualified and independent expert as on January 31, 2021 as shown below:

Description	**Net book value**	**Fair value**	**Notes**
Investment properties in Riyadh – (lands, buildings and fixtures)	**32,547,172**	**33,695,000**	**Mortgaged to a local bank – note 15**
Investment properties in Jeddah – (lands)	**22,397,263**	**22,580,000**	
Contribution in land northeast Jeddah	**2,000,000**	**	

* The real estate evaluation mechanism applied in evaluating investment properties is in line with the International Valuation Standards Board and with the directives of the Saudi Authority for Accredited Valuers "Taqeem".

The following are the real estate evaluator data:

Name	Ejadah real estate valuation
Qualification	Membership of the Saudi Authority for Accredited Valuers
Valuation license No.	121000000003

** Investment properties amount of 2,000,000 Saudi Riyals represented in contribution in the land of North-East Jeddah in an investment in lands with another party under a contract. The company received a letter from the Real Estate Contribution Committee No. 2009 dated 8/6/1443H stating that the committee is still working on liquidating the contribution through the execution court to collect the amount of the bond for the order submitted by the buyer of the land at a value higher than the cost price, and the situation remains as it is until the date of these consolidated financial statements.

(Amounts in Saudi Riyals)

9. Intangible assets

Intangible assets consist of the following:

	2021	2020
Smart parking concession rights (Note 9-1)	**388,776,509**	226,118,403
Other intangible assets (Note 9-2)	**84,238,373**	83,980,653
Ending balance 31 December	**473,014,882**	310,099,056

9-1 Smart parking franchise rights

The following is the movement of the smart parking Service Concession Arrangement

	Equipment and supplies	**Service concession arrangements**	**2021 Total**	2020 Total
Cost				
1 January	**21,273,241**	**206,371,578**	**227,644,819**	-
Additions	**27,829,773**	**144,934,282**	**172,764,055**	227,644,819
31 December	**49,103,014**	**351,305,860**	**400,408,874**	227,644,819
Amortization				
1 January	**161,653**	**1,364,763**	**1,526,416**	-
charged for the year	**1,713,115**	**8,392,834**	**10,105,949**	1,526,416
31 December	**1,874,768**	**9,757,597**	**11,632,365**	1,526,416
Net book value				
31 December 2021	**47,228,246**	**341,548,263**	**388,776,509**	-
31 December 2020				226,118,403

• The amortization expense has been charged to the cost of revenue

(Amounts in Saudi Riyals)

9. Intangible assets, net (continued)

9-2 Other intangible assets, net

	Goodwill	Trademark	Revenues from continuing contracts	Current customer's database	Technology and systems	2021	2020
Cost							
1 January	79,745,709	2,726,000	5,893,000	2,053,000	13,433,902	**103,851,611**	**103,352,357**
Addition of transferred assets (Acquisition)	-	-	-	-	3,304	**3,304**	**-**
Additions during the year	1,524,718	-	-	-	25,000	**1,549,718**	**499,254**
31 December	**81,270,427**	**2,726,000**	**5,893,000**	**2,053,000**	**13,462,206**	**105,404,633**	**103,851,611**
Impairment / amortization							
1 January	1,500,000	772,367	5,893,000	1,454,208	10,251,383	**19,870,958**	**18,255,376**
Amortization during the year	-	136,300	-	256,625	902,377	**1,295,302**	**1,615,582**
31 December	**1,500,000**	**908,667**	**5,893,000**	**1,710,833**	**11,153,760**	**21,166,260**	**19,870,958**
Net book value							
31 December 2021	**79,773,177**	**1,817,333**	**-**	**342,167**	**2,305,696**	**84,238,373**	-
31 December 2020	**78,245,709**	**1,953,633**	**-**	**598,792**	**3,182,519**	**-**	**83,980,653**

Technology and systems include projects under implementation whose balance amounted to Nil Saudi Riyals as on December 31, 2021 (2020: 723,979 Saudi Riyals)

(Amounts in Saudi Riyals)

9. Intangible assets, net (continued)

9-2 Other intangible assets, net (continued)

Impairment test on goodwill

International Accounting Standard (36) “Impairment of Assets” requires that the impairment test for goodwill be performed on an annual basis regardless of whether there is any indication of impairment of goodwill or not. The Group annually conducts an impairment test in the value of goodwill resulting from the acquisition of Batic of the subsidiary company of the Arab Company for Security and Safety Services (AMNCO) of the subsidiary company of the Arab Company for Security and Safety Services (AMNCO), which amounted to 70,067,220 Saudi Riyals as of December 31, 2020. Also, the goodwill resulting from the acquisition by the subsidiary, the Arab Company for Security and Safety Services (AMNCO), of AMNCO Facilities Management Company Ltd. (formerly: Al-Hikma Company for Commercial and Industrial Investment) amounting to 8,178,489 Saudi Riyals as of December 31, 2020. The group considered the two aforementioned companies as cash generating units in their own right, and all goodwill was allocated to the cash generating units in accordance with the International Accounting Standard (36).

On July 23, 2017, the subsidiary company, AMNCO, acquired 70% of the Al-Hikma Company for Commercial and Industrial Investment which resulted in 9,678,489 Saudi Riyal the goodwill balance in the consolidated financial statements of the Arab Company for Security and Safety Services (AMNCO) after the impaired in the value of the goodwill Goodwill as of December 31, 2018: 8,178,489 Saudi Riyals, and it has been included in the intangible assets of the group. Whereas, during the year 2018, the impairment in the value of goodwill resulted in a decrease in the value of goodwill for the cash-generating units of SAR 1,500,000.

The recoverable amount is determined on the basis of the information used in the projected business plans for the five-year period following the date of the consolidated financial statements and the cash flows related thereto, and impairment is tested on the basis of the value of the future cash flows for a period of five years based on reasonable and objective assumptions to estimate the cash flow according to the latest approved budgets. of management

During the year 2021 and 2020, there were no impairment losses in the book value of the goodwill as at the end of the financial report.

The following are the key assumptions used in estimating the recoverable amount

	2021	2020
Discount rate	**10.18%**	11.39%
Growth rate	**2.0%**	2.5%

(Amounts in Saudi Riyals)

10. Financial investments at FVPL

10-1 Long term financial investments

Cost	31 December 2021	31 December 2020
Shares in “Truck-in” company	**1,742,704**	1,742,704
United Company for Dairy Farms	**300,000**	300,000
	2,042,704	2,042,704

The investment made during the year 2018 is represents in the purchase of 22,675 shares of "Trukkin" company, where the percentage of investment in the company reached 21.50%. The company classifies the investment as a financial investment at fair value through profit or loss.

The Board of Directors of "Truck-in " company decided on February 6, 2019, and the partners' agreement on October 9, 2019 to increase the capital of the investee company by an amount of USD 3,500,000, (equivalent to Saudi Riyals 13,125,000) so that as of December 31, 2019, the investment in the company became 13.28% for 1,672,916.67 shares. During the year 2020, the company increased its shares by 78,989 shares, at a value of SAR 147,529.

The cost price has been adopted as the management does not have the inputs required by the use of valuation approaches (level one and level two) based on the market value, and the management has found that the discounted cash flow approach or the replacement cost approach may result in a fair value that cannot be relied upon. Accordingly, the management has adopted the cost price of the investment, and the management does not expect the existence of a impairment in the value of the investment.

The management has approved the cost price of the investment in the United for Dairy Farms Company due to the lack of fair value for this investment, and the management expects that there is no impairment in the investment value.

10-2 Short-term financial investments at FVTPL

These investments represent the value of the investment portfolio managed by Alistithmar Capital. The short-term investment has been classified at fair value through profit or loss because the company holds it for sale in the short term, with the unrealized gain or loss from revaluation of the portfolio being included in the statement of comprehensive income.

11. Advances to purchase property and equipment

The advance payments for the purchase of property and equipment are represented in the contract for the supply of decoats to BATIC Company, amounting to 6,900 Saudi Riyals, and the contract for the supply of office furniture to Al-Shifa Technology Company, amounting to 4,386 Saudi Riyals during the year 2021 (2020: zero Saudi Riyals).

12. Inventory

The inventory represents the supplies related to the services from the group's sectors as follows:

	31 December 2021	31 December 2020
Workers’ clothes and uniforms	**1,693,732**	2,445,969
Electronic locks for automated teller machines	**3,012,079**	3,526,335
Money transfer and automated teller machine supplies and equipment	**2,088,979**	2,779,630
Fleet maintenance parts and supplies	**878,514**	1,044,979
Medical Supplies	**61,212**	61,212
	7,734,516	9,858,125

(Amounts in Saudi Riyals)

13. Trade receivables and other debit balances, net

13-1 Trade receivables

	31 December 2021	31 December 2020
Trade receivables	**164,003,989**	182,408,646
Expected credit loss allowance on trade receivables (Note 13-1-1)	**(11,329,863)**	(21,634,486)
Trade receivables, net	**152,674,126**	160,774,160

• Trade receivables are not interest bearing and are generally due within 30-90 working days.

• One of the group's subsidiaries has a mortgage guarantee, which is an apartment building retained by the subsidiary company as a guarantee for part of the commercial indebtedness of one of its clients.

13-1-1 The movement for expected credit losses provision of trade receivables was as follows:

	31 December 2021	31 December 2020
1 January	**21,634,486**	8,133,010
(Reversed) / charged during the year	**(4,306,180)**	13,501,476
Written off during the year	**(5,998,443)**	-
Used from the provision	**-**	-
31 December	**11,329,863**	21,634,486

13-1-2 Below is an analysis of the aging of receivables and credit risks

31 December 2021	**Total**	**Current**	**0-90 Days**	**91-180 Days**	**181-270 Days**	**360-271 Days**	**More than 360 Days**
Book value	**164,003,989**	**41,867,763**	**44,315,092**	**41,389,104**	**4,273,137**	**10,026,111**	**22,132,782**
Expected credit losses	**11,329,863**	**276,924**	**391,947**	**832,613**	**515,242**	**1,766,809**	**7,546,328**
Expected credit loss rate	**7%**	**1%**	**1%**	**1%**	**12%**	**18%**	**34%**

31 December 2020	**Total**	**Current**	**0-90 Days**	**91-180 Days**	**181-270 Days**	**360-271 Days**	**More than 360 Days**
Book value	182,408,646	17,012,403	80,300,828	22,264,633	7,205,617	8,572,492	47,052,673
Expected credit losses	21,634,486	8,585	1,173,836	487,488	493,947	1,181,143	18,289,487
Expected credit loss rate	%12	-	%1	%2	%7	%14	%39

13-2 Prepaid expenses and other debit balances

	31 December 2021	31 December 2020
Custody Receivable	**31,446,174**	28,881,161
Retention	**1,146,892**	10,771,653
Letters of guarantees insurance	**5,287,514**	8,373,340
Prepaid expenses	**42,564,286**	28,386,639
Advance payment to suppliers	**1,035,611**	1,328,356
Other debit balance	**15,190,034**	16,751,313
Total	**96,670,511**	**94,492,462**
Expected credit loss allowance on other debit balances	**(29,128,692)**	(26,820,542)
Total other debit balances, net	**67,541,819**	**67,671,920**

(Amounts in Saudi Riyals)

13. Trade receivables and other debit balances, net (continued)

13-2 Other debit balances (continued)

* The majority of money changers' receivables are receivables for more than one year, and the management creates a provision for them according to the ages of those balances using previous collection practices.

** Other debit balances include amounts paid to the Ministry of Interior for violations, the majority of which are carried over from the previous year, and the management forms a provision for them in light of the ages of those receivables and the previous collections practices.

The movement in the expected credit losses provision of other debit balances was as follows:

	31 December 2021	31 December 2020
1 January	**26,820,542**	23,887,272
Charged during the year	**2,700,000**	4,250,000
Used during the year	**(391,850)**	(1,316,730)
31 December	**29,128,692**	26,820,542

Management believes that the overdue balances are not impaired and are still fully recoverable based on past payment behaviour and comprehensive analysis. The customer's credit risk, including the customer's basic credit ratings and previous dealings. The group has calculated the provisions ratios estimated for each (period of time / category of clients), according to the simplified expected credit loss approach contained in IFRS 9.

14. Cash and cash equivalents

	31 December 2021	31 December 2020
Cash at banks	**34,741,835**	55,333,570
Cash on hand	**2,529,998**	580,505
Petty Cash	**-**	2,581
	37,271,833	55,916,656

15. Loans

Short-term Loans

A) On 5/1/2020, BATIC Investment and Logistics Company signed a short-term credit facility agreement under the Islamic Tawarruq system with a local bank, ending on 1/5/2023, and the maximum agreement is 20 million Saudi Riyals, and it is used to finance working capital requirements, and the facilities are secured by a mortgaged real estate for the company's land on Riyadh - Al-Kharj Road under deed No. 711524003191. The balance of the facilities as on December 31, 2021 is 6,000,000 Riyals due to be paid on April 03, 2022.

B) On July 28, 2021, BATIC Investment and Logistics Company signed a short-term credit facility agreement under the Islamic Tawarruq system with one of the local banks and expires on July 27, 2022, and the maximum amount of the agreement is 140,000,000 Riyals, with the guarantee of a waiver in favor of the bank of the proceeds of offering priority rights and a promissory note of 140,000,000 Saudi Riyals with the aim of financing the purchase of shares of Smart Cities Solutions for Communications and Information Technology and financing capital and operational expenses. On December 31, 2021, the company used 140,000,000 Saudi Riyals and paid the full value of the facilities on January 13, 2022.

C) On 5/9/2019, the Arab Company for Security and Safety Services (AMNCO) signed a credit facility agreement under the Islamic Tawarruq system with a local bank, with a maximum amount of 55 million Riyals, and the terms and conditions for using the credit facilities are as follows:

- Murabaha to finance the purchase and sale of goods to refinance letters of credit through the bank.
- Short-term Murabaha financing the purchase and sale of commodities to finance working capital requirements.
- Guarantee facilities for the issuance of primary guarantees / performance guarantees / payment guarantees for the benefit of beneficiaries acceptable to the bank.
- The company used an amount of 30,570,164 Saudi Riyals to finance the working capital requirements, and 30 million Riyals were paid during 2021, and the rest is due for payment during the first quarter of the year 2022. The agreement was renewed with a maximum of 30 million Saudi Riyals for the agreement and ends on September 30, 2022.

15. Loans (continued)

Short-term Loans (continued)

D) On December 8, 2019, the Arab Company for Security and Safety Services (AMNCO) signed a credit facility agreement with a local bank, with a maximum amount of 80 million Riyals, and the terms and conditions for using the credit facilities are as follows:

- General facilities, including guarantee facilities for the issuance of guarantees with a maximum of 10 million Saudi Riyals, and short-term loan facilities with a maximum of 5 million Saudi Riyals to finance working capital.
- Specific facilities, including payment guarantees of a maximum of 25 million Saudi Riyals, for the Dammam parking project.
- Specific facilities including payment guarantees of a maximum of 40 million Saudi Riyals for the Khobar parking project.

The company used an amount of 5,000,000 Saudi Riyals to finance the working capital requirements, and the payment was made during the third quarter of the year 2021.

E) On October 17, 2019, the Arab Company for Security and Safety Services (AMNCO), which is a partner, signed a long-term financing agreement “Tawarruq” and guarantees and hedging in compliance with the provisions of Islamic Sharia, with a total amount of 74 million Saudi Riyals, and a financing period of 7 years, with the purpose of financing investment in a project Smart Parking in the Eastern Province of Smart Cities Solutions for Communications and Information Technology (a subsidiary company). On December 3, 2019, an agreement was signed to transfer the agreement and its terms, obligations and clauses to Smart Cities Solutions for Communications and Information Technology. (It is paid semi-annually after the lapse of an availability period of one year from the date of the letter of offer of the facility dated October 17, 2019 and the lapse of a grace period of one year) On the date of December 30, 2021 AD, the terms of the agreement were renewed by transferring all existing credit facilities granted to the Arab Company for Services Security and Safety is a subsidiary company (the debtor) to the Batic Investment and Logistics Company (the new debtor), after transferring 35% of the shares of the Smart Cities Solutions Company from AMNCO to the Batic Investment and Logistics Company.

Long-term Loans

A) BATIC Investment and Logistics Company signed a fixed-term securitization credit facility agreement with a local bank on 12/18/2018, and this agreement ends on 12/31/2023, amounting to 34,000,000 Saudi Riyals to finance the purchase of real estate representing administrative offices in the city of Riyadh. Using part of it as the main center of the group. Until December 31, 2021, the company used the total amount from the financing agreement, and the financing is repaid in semi-annual installments for a period of 4 years. The loan is secured by a real estate mortgage, a promissory note amounting to 34,000,000 Saudi Riyals and a guarantee signed by the Arab Company for Security and Safety Services (AMNCO) - a subsidiary and a legal assignment in favor of the Bank by the Arab Company for Security and Safety Services (AMNCO) - a subsidiary of the rental proceeds of the property being financed and an insurance policy In which the bank will be the first beneficiary, the balance of the facilities as on December 31, 2021 amounted to 23,800,000 Saudi Riyals.

B) The Saudi Transport and Investment Company - Mubarrad (a subsidiary company) signed a credit facility agreement under the Islamic Tawarruq system with a local bank on 11/3/2018 AD and this agreement ends on 11/6/2023 AD in order to finance the company’s operational operations with a maximum of 15 million Saudi Riyals Until December 31, 2021, the company used an amount of 14,820,616 Saudi Riyals from the financing agreement for the purpose of purchasing refrigerated trailers used in the operational process, and the financing is paid in quarterly installments for a period of 5 years.

C) The Saudi Transport and Investment Company - Mubarrad (a subsidiary company) and on March 17, 2020, a credit facility agreement was signed with a local bank under the Islamic Tawarruq system. Saudi and until December 31, 2021 AD, the company has used an amount of 20,887,773 Riyals, and the financing is repaid in quarterly installments for a period of 5 years.

(Amounts in Saudi Riyals)

15. Loans (continued)

Long-term Loans (continued)

The loans include financial covenants and the Group has complied with these covenants.

The following is the movement of loans during the year:

	31 December 2021	31 December 2020
Balance at the beginning of the year	**153,357,299**	75,655,839
Additions during the year	**181,060,175**	85,448,454
Eligible finance charges	**3,265,732**	-
Paid during the year	**(69,821,394)**	(7,746,994)
Total loan value	**267,861,812**	153,357,299
Deduct: deferred finance value	**(2,606,165)**	(3,318,202)
Net loan value	**265,255,647**	150,039,097
Non-current value	**90,936,314**	94,144,894
Current value	**174,319,333**	55,894,203

The following is the loan maturity schedule as in:

	31 December 2021	31 December 2020
During one year	**174,319,333**	55,894,203
Between one year to two years	**14,190,025**	14,190,025
Between two years to 5 years	**76,746,289**	79,954,869
Total	**265,255,647**	150,039,097

16. Employees end of service benefit obligation

	2021	2020
1 January	**35,984,568**	38,127,823
Current service cost and interest cost	**11,811,594**	9,926,534
Carried forward balances from the acquisition of a subsidiary	**88,360**	-
Actuarial losses	**1,135,872**	2,902,511
Paid during the year	**(11,649,351)**	(14,972,299)
31 December	**37,371,043**	35,984,569

Significant actuarial assumptions endorsed

	2021	2020
Average discount rate used for the Group	**2.38%**	2.10%
Company salary increase rate (Batic)	**2.85%**	2.50%
Subsidiary salary increases rate (Mubrrad)	**1.65%**	1.30%
Subsidiary salary increases rate (AMANCO)	**2.05%**	1.50%
Subsidiary salary increases rate (Appean Healthcare)	**2.85%**	3.10%
Subsidiary salary increases rate (Cities Solutions)	**2.50%**	-

(Amounts in Saudi Riyals)

16. Employees end of service benefit obligation (continued)

The following is an analysis of the sensitivity to the employee benefit liability balance of key assumptions while maintaining the other assumptions as at December 31, 2021:

Discount rate	Arab Security and Safety Services - AMNCO	Batic for Investments and logistics	Saudi company for Transport and Investment - Mubrad	Smart Cities ICT Solutions Company	Appean healthcare	Total
+ 0.50٪	28,676,799	1,593,141	4,749,252	368,961	30,406	**35,418,559**
- 0.50٪	30,357,026	1,773,686	4,937,157	400,633	33,768	**37,502,270**
Expected salary increase rate						
+ 0.50٪	30,352,682	1,773,212	4,936,671	400,550	33,759	**37,496,874**
- 0.50٪	28,672,900	1,592,735	4,748,812	368,889	30,398	**35,413,734**

The following is an analysis of the sensitivity to the employee benefit liability balance of key assumptions while maintaining the other assumptions As on December 31, 2020:

Discount rate	Arab Security and Safety Services – AMNCO	Batic for Investments and logistics	Saudi company for Transport and Investment - Mubrad	Al Shifa Technology	Total
+ 0.50٪	28,560,862	782,874	5,190,690	9,590	34,544,016
- 0.50٪	**(30,195,750)**	(876,960)	(5,430,362)	(11,041)	(36,514,113)
Expected salary increase rate					
+ 0.50٪	**30,191,506**	876,712	5,429,739	11,037	36,508,994
- 0.50٪	**(28,557,043)**	(782,662)	(5,190,129)	(9,586)	(34,539,420)

17. Notes Payable

	2021	2020
Current portion	**4,748,400**	4,748,400
Non-current portion	**3,561,300**	8,309,700
	8,309,700	13,058,100

18. Shareholders accruals

	2021	2020
Creditor of surplus subscription	**1,293,050**	1,293,050
Dividends payable	**15,653,265**	15,713,381
Fractional Capital Reduction	**1,885,272**	1,887,502
	18,831,587	18,893,933

19. Lease liabilities

	2021	2020
Liabilities against finance lease	**7,985,690**	6,113,110
Additions during the year	**5,795,377**	4,002,499
Charged interest during the year (Note 28)	**237,947**	267,476
Paid during the year	**(3,899,240)**	(2,397,395)
Ending balance, divided to:	**10,119,774**	7,985,690
Long-term lease liabilities	**6,078,770**	5,085,613
Short-term lease liabilities	**4,041,004**	2,900,077

(Amounts in Saudi Riyals)

19. Lease liabilities (continued)

The following are the actions for accruing obligations under lease contracts

	31 December 2021	31Decamber 2020
One year	**4,41,004**	2,900,077
From one to five years	**6,078,770**	5,085,613
More than Five years	**-**	-

Amounts recognized in the statement of profit or loss

	For the year ended at 31 December 2021	For the year ended at 31 December 2020
Interest on lease liabilities	**320,511**	267,476
Depreciation expenses	**3,317,315**	2,467,489

Amounts recognized in the statement of Cash flow

	2021	2020
Payment of lease liabilities	**(3,993,629)**	(2,358,352)

The Group also has certain lease contracts with lease terms of 12 months or less and leases with a low value for these leases. For these leases, the Group recognizes lease payments as operating expenses on a straight line basis over the term of the lease.

20. Trade payables and other credit balance

Trade payables	**2021**	2020
Assets suppliers	**3,114,615**	311,128
Tiers suppliers	**1,966,039**	1,116,926
Services suppliers	**2,968,831**	6,054,541
Spare parts suppliers	**2,020,393**	1,723,017
Fuels suppliers	**3,511,278**	3,098,525
Other suppliers	**4,423,656**	543,330
	18,004,812	12,847,467

Other credit balance	**2021**	2020
Employees benefits	**19,245,410**	17,284,593
Accrued expenses	**14,860,383**	8,368,085
Accrued insurance expenses	**10,396**	-
Legal cases provision		502,500
Insurance for others	**472,049**	1,358,460
Other	**7,751,016**	5,381,523
Total	**42,339,254**	32,895,161
Total other payables and other credit balance	**60,344,066**	45,742,628

21. Zakat provision

A) Zakat status

The Group committed to submit separately its zakat returns until the end of the year ended on 31/12/2020 and obtained the final zakat certificate valid until April 30, 2021, with the exception of what is mentioned below, and the zakat position was as follows:

Batic Investments and Logistics

The company committed to submitting its zakat returns until the year ended on 31/12/2020, and the company submitted a consolidated statement for the year 2020 AD with its subsidiaries (the Saudi Transport and Investment Company "Mubarrad" and the Batic Real Estate Company), and the company obtained a final certificate valid until 30/4/2022.

The company obtained zakat assessments for the financial years from 2008 to 2014. The assessment and objection file were closed, and the company paid the due zakat differences.

The company obtained the zakat assessment for the year 2018 on December 31, 2020, according to which the company was entitled to a zakat difference of 39,879 Saudi Riyals. The company agreed to this assessment and paid the due zakat.

On October 21, 2020, the company was issued a zakat assessment for the financial years from 2015 to 2017 and the zakat differences due under this assessment amounted to 2,520,796 Saudi Riyals, The company paid an 105,573 ri-yals, which represents the items not objected to, and the company submitted an objection at 12/20/2020 and The Au-thority rejected the objection on February 11, 2021, and the objection was escalated to the General Secretariat of the Tax Committees.

The company obtained the zakat assessment for the years 2019 AD and 2020 on 10/5/2020, according to which the company was entitled to a zakat difference in the amount of 314,821 Riyals and 623,690 Saudi Riyals, respectively. The company agreed to that assessment and paid the difference.

The Arab Company for Security and Safety Services - AMNCO (subsidiary)

The company has committed to submit its zakat returns until the end of the fiscal year ended on December 31, 2020 AD and obtained the final zakat certificate valid until April 30, 2022.

The company obtained the zakat assessments for the financial years from 2008 to 2015. The assessment and objection file were closed and the company paid the due zakat differences.

On 01/04/2022, the company received a request for data from the Examination and Assessment Department for the fiscal year 2016. The company responded to the data request and the assessment has not been issued to date.

Smart City Solutions for Communications and Information Technology - (a subsidiary of the Arab Company for Security and Safety Services - AMNCO)

The company submitted its zakat returns until the year ended on December 31, 2020, and the company obtained a final certificate valid until 04/30/2022. The company did not receive any zakat or tax assessments from the Zakat, Tax and Customs Authority.

AMNCO Facilities Management Company - (a subsidiary of the Arab Company for Security and Safety Services - AMNCO)

The company submitted its zakat returns until the year ended on December 31, 2020, and obtained a certificate valid until April 30, 2022.

The company obtained zakat assessments for the financial years from 2006 AD to 2016. The assessment file was closed, and the company paid the due zakat differences.

On September 17, 2020, the company received a Zakat assessment for the year 2018, amounting to 35,508 Riyals. The company submitted an objection to the full amount and the Authority approved the objection.

During the month of September 2021, the Zakat assessment was re-assessed by the Authority for the years 2017, 2019 and 2020, with a total of 53,218 Saudi Riyals.

(Amounts in Saudi Riyals)

21. Zakat provision (continued)

A) Zakat status (continued)

Abeen Healthcare Co . – (subsidiary)

The company submitted the zakat declaration for the fiscal year ended on December 31, 2020 and obtained a final certificate valid until April 30, 2022, and the company did not receive any zakat assessments from the Zakat, Tax and Customs Authority.

Batic Real Estate – (subsidiary)

The company submitted the zakat declaration for the fiscal year ended on December 31, 2020, and the company obtained a final certificate valid until 30/4/2022, and the company obtained the zakat assessment for the year 2020 AD as part of the consolidated zakat return with the BATC Company. The company settled the link with the Zakat, Tax and Customs Authority.

Saudi Transport and Investment "Mubrad" – (subsidiary)

The company submitted its returns to the General Authority of Zakat and Income until the year ended on December 31, 2020 AD and obtained a certificate from the Authority valid until April 30, 2022 AD

The company submits an information declaration only starting from the year 2020 AD based on the approval of the Zakat, Tax and Customs Authority, and it calculates zakat within the consolidated declaration that it submits BATC Consolidated Company.

The company received the zakat assessments for the period from July 30, 2017 AD to December 31, 2018. The difference in zakat and withholding tax was paid in the amount of 59,607 Saudi riyals.

The company obtained the zakat assessment for the year 2020 AD as part of the consolidated declaration with BATIC, and the company settled the assessment with the Zakat, Tax and Customs Authority.

Medical Bridges Company- (a subsidiary of ABEEN healthcare Co)

The company submitted its zakat declaration for the financial period ending on Safar 25, 1442 AH and obtained a final zakat certificate valid until 25 Jumada al-Thani 1443 AH corresponding to January 28, 2022 AD, before being transferred to Medical Bridges Company Company. The financial statements ending on December 31, 2021 AD are the first financial statements of the company.

B) Zakat movement provision

	2021	2020
1 January	**6,306,107**	5,027,342
Charged for the year	**6,426,405**	6,265,582
Paid during the year	**(5,841,563)**	(4,986,817)
31 December	**6,890,949**	6,306,107

22. Balances and transactions with related parties

The related parties consist of senior management employees, members of the board of directors, and members of committees, in which the members of the board of directors or the employees of senior management, directly or indirectly, have a significant influence. The group has, during the normal course of business, concluded many transactions with the related parties. These transactions were concluded in accordance with the agreed terms and conditions.

Significant transactions with related parties	**2021**	2020
Remunerations to members of the Board of Directors and committees	**925,000**	725,000
Allowance for attending Board and Committee and remuneration of secretaries	**216,000**	237,000

Compensation of senior management personnel	**2021**	2020
Short-term salaries and benefits	**5,838,769**	4,465,400
End of service benefits	**193,008**	152,276
Total compensation for senior management	**6,031,777**	4,617,676

(Amounts in Saudi Riyals)

23. Obligation under the Service Concession Agreement

The current and non-current portion of the obligation under the Service Concession Agreement is as follows:

	2021	2020
Balance at December 31	**201,007,732**	-
Addition during the year	**139,980,174**	199,970,605
Finance cost	**6,373,129**	1,037,605
The rolling part is deducted	**(17,524,784)**	-
Balance as at 31 December	**329,746,251**	201,007,732
Less: Current Part	**(12,232,440)**	(4,557,850)
Non-current part	**317,513,811**	196,449,882

Below are the maturities of obligation under service concession arrangement:

	For the year Ended 31 December 2021	For the year Ended 31 December 2020
One year	**12,232,440**	4,557,850
From one to five years	**104,405,602**	63,013,229
More than Five years	**213,108,209**	133,463,653
	329,746,251	201,007,732

24. Revenue

Revenue classification

Geographical revenue	**Geographical area**	**2021**	2020
Security guard	Local	**159,058,630**	160,253,408
ATM feeding	Local	**130,222,308**	129,437,311
Supply of medical equipment	Local	**-**	82,353,457
Transport	Local	**68,102,624**	65,977,536
Transferring money, counting and sorting money and correspondence	Local	**58,522,509**	54,483,114
Maintenance and operating	Local	**22,806,613**	10,376,352
Investment property	Local	**3,936,244**	3,703,017
smart parking	Local	**15,244,930**	808,564
Equipment and construction revenues (Note 24-1)	Local	**25,871,252**	19,073,163
Home Care	Local	**874,956**	-
Other and settlements	Local	**(9,811,139)**	(9,538,151)
Total		**474,828,927**	**516,927,771**

Revenue recognition timing

	For the year Ended 31 December **2021**	2020
Point in time	**220,773,323**	199,498,627
Overtime	**237,995,582**	307,894,132
Equipment and construction revenues	**25,871,252**	19,073,163
Others	**(9,811,139)**	(9,538,151)
Total	**474,828,927**	516,927,771

(Amounts in Saudi Riyals)

24. Revenue (continued)

24-2 Equipment and construction revenues, and processing and construction costs

	For the year ended 31 December 2021	For the year ended 31 December 2020
Equipment and construction revenues	**25,871,252**	19,073,163
Equipment and construction costs	**(25,871,252)**	(19,073,163)

According to the interpretation of the International Financial Reporting Interpretations Committee No. 12 "Service Concession Agreements", the company recorded construction supply revenues of **25.9 million** Saudi Riyals (2020 AD: 14.5 million Saudi Riyals) on the supply and construction of the smart parking project in the Eastern Province. The equipment and construction revenues represent the fair value of the project's supply and construction services. Whereas, the fair value of the supply and construction services provided in the management's estimate approximates the cost of the equipment and construction.

25. Cost of revenue

	For the year ended 31 December 2021	For the year ended 31 December 2020
Salaries and wages and equivalents	**291,804,976**	283,217,462
Cost of goods sold – Al Shifa Tecnology	**-**	55,522,689
Operational Depreciation	**30,145,482**	27,860,212
Amortization	**10,227,947**	1,656,933
Spare parts and maintenance	**8,787,772**	7,516,606
Consumables and equipment and supplies	**14,368,123**	11,946,488
Fuel and oils	**18,503,985**	17,664,625
Customer clearance	**227,758**	9,727,472
Medical insurance	**7,186,849**	7,469,442
Insurance - Fleet, goods and real estate	**5,851,623**	5,930,194
Feedback and confirmation fees	**6,569,341**	2,682,711
Transport rental	**1,810,732**	1,555,217
Rents	**1,424,283**	1,598,886
Other	**29,509,607**	22,222,203
	426,418,478	**456,571,140**

26. Other (loss) / income

	For the year ended 31 December 2021	For the year ended 31 December 2020
Collected bad debts	**-**	2,146,799
Expenses of acquiring companies	**(1,480,634)**	-
Others	**1,083,044**	281,321
	(397,590)	**2,428,120**

27. General and administrative expenses

	For the year ended 31 December 2021	For the year ended 31 December 2020
Salaries and wages and equivalents	**35,743,930**	31,143,870
Professional and consultations expenses	**2,084,343**	3,101,998
Rents	**194,302**	1,334,872
Remuneration for members of the Board of Directors and allowance to attend sessions	**1,141,000**	962,000
Depreciation and amortization	**3,132,165**	1,686,264
Shareholder registry fees	**474,070**	395,065
Medical insurance	**2,333,788**	1,947,968
Others	**6,253,738**	4,079,342
	51,357,336	44,651,379

(Amounts in Saudi Riyals)

28. Finance costs

	For the year ended 31 December 2021	For the year ended 31 December 2020
Finance expenses bank facilities	**3,977,769**	3,476,840
Obligation under the service concession agreement	**6,373,129**	1,037,127
Interest expenses on leases liabilities	**237,947**	181,564
	10,588,845	4,695,531

29. Restatements

During the current fiscal year, the accounting treatment related to the franchise rights of the smart parking project in one of its subsidiaries was changed. The interpretations of the International Financial Reporting Standards Committee for IFRS 12 "Service Franchise Arrangements" were applied, and as a result, adjustments related to previous years were made. Accordingly, only the comparative figures appearing in the financial statements were modified. As follows:

A) Impact on statement of financial position items:

	Balance at 31/12/2020 Before restatement	**Restatement**	**Balance at 31/12/2020 After restatement**
Property and equipment	202,608,669	(4,443,028)	198,165,641
intangible assets	83,980,652	226,118,403	310,099,055
Projects under implementation	14,474,118	(14,474,118)	-
Right-of-use assets	200,606,290	(192,653,493)	7,952,797
Prepaid expenses and other debit balances	56,732,641	10,939,275	67,671,916
Retained earnings	10,258,334	3,162,872	13,421,206
Obligation under the service concession agreement - non-current	-	196,449,882	196,449,882
Lease commitment - non-current portion	181,469,513	(176,383,900)	5,085,614
Commitment under service concession agreement - current	-	4,557,850	4,557,850
Lease commitment – current portion	5,199,741	(2,299,664)	2,900,077

B) Impact on statement of comprehensive income items:

	Balance at 31/12/2020 Before restatement	**Restatement**	**Balance at 31/12/2020 After restatement**
Revenues	497,854,608	19,073,163	516,927,771
Cost of revenue	(438,081,141)	(18,489,999)	(456,571,140)
General and administrative expenses	(44,625,545)	(25,834)	(44,651,379)
Financing costs	(7,301,073)	2,605,542	(4,695,531)

30. Segment information

The Group's management has defined the operational sectors based on the reports reviewed by the Board of Directors on the basis of which strategic decisions are taken. For administrative purposes, the group is organized into eight business units based on their services, and the following are the operating Segments of the group:

Transportation Segment

The transport Segment is represented in the transportation of goods and missions for a fee on the Kingdom's land roads, car and trailer rental services, rental of cold stores, fuel stations and maintenance workshops, and the purchase, sale and maintenance of equipment and machinery related to road transport.

Real estate Segment

The real estate Segment is represented in buying and selling lands and constructing buildings on them and investing them by sale or rent for the benefit of the group and establishing and operating commercial and industrial projects. There was no movement in the real estate Segment during the year, and therefore the sectoral information related to the real estate Segment was not shown in the table below.

30. Segment information (continued)

Security guards’ Segment

It includes providing security guards and shift services to banks and companies.

ATM feeding

It includes feeding and maintenance services for banks' ATMs.

Insurance money transfer Segment

It includes transportation and insurance services for the transfer of money and valuables.

Counting and sorting of money and correspondence Segment

It includes money counting and sorting services and postal correspondence.

Maintenance and operation Segment

It includes maintenance and operation of buildings, property management and marketing for others

There were no inter-Segment sales during the period. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment. Segment performance is evaluated based on profit or loss from operations and is measured consistently with operating profit or loss in the consolidated financial statements.

Smart Parking Segment

Including renting parking spaces for others

Medical equipment supply Segment

It includes the supply of medical equipment to others.

Home medical services and physiotherapy sector

It includes providing home medical services and physiotherapy for individuals and for others.
Management monitors 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 profit or loss from operations and is measured consistently with operating profit or loss in the interim condensed consolidated financial statements.

(Amounts in Saudi Riyals)

30. Segment information (continue)

The table below represents the revenues and costs for each of the Group's Segments, as well as their assets and liabilities for the year ended December 31, 2021

	Investment property	**Transportation sector**	**Security guard sector**	**ATM feeding sector**	**Secured money transfer and correspondence sector**	**Maintenance and operation sector**	**Smart parking solutions**	**Supply of medical equipment**	**Home medical services**	**Other and settlements**	**Total**
Revenue	**3,936,244**	**68,102,624**	**159,058,630**	**130,222,308**	**58,522,509**	**22,806,613**	**41,116,182**	**-**	**874,956**	**(9,811,139)**	**474,828,927**
Cost of Revenue	**(1,552,037)**	**(66,235,355)**	**(144,226,817)**	**(112,160,217)**	**(48,671,054)**	**(19,300,833)**	**(40,832,827)**	**(116,682)**	**(1,014,341)**	**7,691,685**	**(426,418,478)**
Gross profit	**2,384,207**	**1,867,269**	**14,831,813**	**18,062,091**	**9,851,455**	**3,505,780**	**283,355**	**(116,682)**	**(139,385)**	**(2,119,454)**	**48,410,449**
Total assets	**579,468,624**	**146,346,238**	**71,867,336**	**71,448,200**	**44,536,647**	**18,037,273**	**434,528,697**	**2,812,447**	**521,487**	**(396,678,143)**	**972,888,806**
Total liabilities	**228,334,555**	**53,354,327**	**29,600,125**	**16,995,383**	**14,477,997**	**17,027,892**	**457,262,645**	**4,164,822**	**2,638,079**	**(89,746,363)**	**736,869,017**

The table below represents the revenues and costs for each of the Group's Segments, as well as their assets and liabilities for the year ended December 31, 2020

	Investment property	Transportation sector	Security guard sector	ATM feeding sector	Secured money transfer and correspondence sector	Maintenance and operation sector	Smart parking solutions	Supply of medical equipment	Other and settlements	Total
Revenue	3,703,017	65,977,536	160,253,408	129,437,311	54,483,114	10,376,352	19,881,727	82,353,457	(9,538,151)	516,927,771
Cost of Revenue	(1,366,736)	(58,174,404)	(147,944,279)	(115,511,761)	(47,310,430)	(8,685,109)	(21,143,550)	(64,366,993)	7,932,122	(456,571,141)
Gross profit	2,336,281	7,803,132	12,309,129	13,925,550	7,172,684	1,691,243	(1,261,823)	17,986,464	(1,606,029)	60,356,631
Total assets	41,236,189	158,675,512	57,035,666	81,676,171	43,800,647	4,829,779	255,814,400	17,327,270	193,321,614	853,717,248
Total liabilities	30,600,000	62,493,425	26,785,479	26,755,755	13,796,643	3,353,722	263,510,493	955,943	50,766,396	479,017,856

(Amounts in Saudi Riyals)

30. Segment information (continue)

	For the year ended 31 December 2021	For the year ended 31 December 2020
Gross profit from recorded segment	**48,410,449**	60,356,631
Undistributed amount		
General and administrative expenses	**(51,357,336)**	(44,651,379)
Gain from sale of property and equipment	**607,534**	276,869
(Reversal) Expected credit loss allowance	**1,606,180**	(17,751,476)
Unrealized gain form investment FVPL	**930,023**	-
Dividend revenue form investment FVPL	**150,000**	90,000
Other revenue / expenses, net	**(397,590)**	2,428,120
Finance cost	**(10,588,845)**	(4,695,531)
Total **Undistributed Amounts**	**(59,050,034)**	(64,303,397)
Net loss before Zakat	**(10,639,585)**	(3,946,766)

31. Loss per share

Basic (loss) / profit per share versus loss or profit related to ordinary shares is computed by dividing the net loss or profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The (loss) earnings in diluted shares is similar to the basic (loss) / earnings per share as the company does not have any convertible shares.

	For the year ended 31 December 2021	For the year ended 31 December 2020
Net loss for the year	**(9,649,264)**	(11,618,811)
Weighted average number of common shares to calculate the basic loss per share	**30,000,000**	30,000,000
Loss or profit of basic and diluted earnings per share of net loss for the year	**(0.32)**	(0.39)

32. Contingent liabilities and capital commitments

As at December 31, 2021, the Group has contingent liabilities in the form of bank guarantees amounting to SR 107.1 million issued in the normal course of business (December 31, 2020: SR 101.7 million). The bank guarantees as on December 31, 2021 include an amount of 65 million Saudi Riyals issued to the Eastern Province Municipality in exchange for the lease contract (December 31, 2020: 65 million Saudi Riyals) and all have expiration dates during the year 2021 AD, the Group has capital commitments amounting to 14,434,837 represented in contracts for the purchase of property and equipment represented in the equipment and devices for establishing and operating the project.

33. Statutory reserve

In accordance with the regulations of companies and company's by- Law, (10%) of the annual net profits is set aside to form the statutory reserve for the company. It is permissible to discontinue this reserve when the aforementioned reserve reaches (30%) of the paid-up capital.

34. Financial instruments and risk management

The Group is exposed through its activities to various financial risks, which are: market risk (which includes foreign exchange risk, price risk, interest rate risk for cash flows and fair value), credit risk and liquidity risk. Management assesses risks for each of these risks. The risk management program generally focuses on the unpredictability of financial market conditions and aims to limit the potential negative effects of these risks on the group's financial performance.

Fair value risk

The fair value of financial instruments traded in active markets is based on the quoted market prices on the date of the consolidated statement of financial position. The market is considered an active market if the announced prices are available and regularly available from the money markets, agents, brokers, industrial unions, pricing services companies, or supervisory bodies, as those prices represent actual and regularly repeated transactions in the market concluded on a purely commercial basis. The quoted market prices used for the firm's financial assets are the current ask prices. These tools are included within the first level.

The fair value of financial instruments not traded in active markets is based on valuation techniques. These methods work to achieve the maximum benefit from available observable market data and rely on the lowest possible amount of estimates developed by the facility. If all the important data required to measure the fair value of instruments are observable data, then these instruments are included within the second level, and if one or more of the significant data is not based on observable market data, the instruments are included within the third level.

The following table presents an analysis of the financial instruments carried at fair value in terms of the valuation method.

The following are the different levels of evaluation:

Level 1: market prices (unadjusted) prevailing in active markets for identical assets or liabilities.

Level 2: the data other than the quoted prices included in the first level that are noticeable with regard to assets or liabilities, whether direct (which is prices) or indirect (which is derived from prices).

Level 3: Valuation techniques in which all the inputs used have a significant effect on the recorded fair value but are not based on observable market information (that is, unobservable inputs).

Investment at FVPL	**Level 1**	**Level 2**	**Level 3**	**Total**
As at 31 December 2021				
Shares at "Truck-in"	**-**	**-**	**1,742,704**	**1,742,704**
United Dairy Farm Co.	**-**	**-**	**300,000**	**300,000**
Investments at FVPL	**-**	**10,930,023**	**-**	**10,930,023**
	-	**10,930,023**	**2,042,704**	**12,972,727**

Investment at FVPL	**Level 1**	**Level 2**	**Level 3**	**Total**
As at 31 December 2020				
Shares at "Truck-in"	-	-	1,742,704	1,742,704
United Dairy Farm Co.	-	-	300,000	300,000
	-	**-**	2,042,704	2,042,704

Foreign exchange risk

The company does not face any significant exposure to foreign currency risk as the majority of its transactions are in Saudi Riyals.

Credit risk

It is the risk of the inability of other parties to fulfill their obligations towards the group, which leads to the group incurring a financial loss. Financial instruments that may expose the group to debt concentration risk consist mainly of cash balances and accounts receivable. The group deposits its cash balances in a number of creditworthy financial institutions. It pursues a policy to limit the size of its deposits deposited in each financial institution, and the group does not believe that there are significant risks of inefficiency in these financial institutions.

The creditworthiness of clients and other trade receivables is assessed according to criteria established by the group before entering into contracts and other arrangements. Also, receivables of all kinds are subject to regular monitoring. The maximum exposure to credit risk at year end represents the carrying value of each class of financial assets.

(Amounts in Saudi Riyals)

Liquidity risk

It is the risk that the group will encounter difficulties in obtaining funds to meet the liabilities associated with financial instruments. Liquidity is managed by regularly checking that it is available in sufficient amounts to meet any future liabilities.

Liquidity risk management is carried out by maintaining sufficient cash and marketable securities, providing financing through an adequate amount of binding credit facilities, and the ability to liquidate market positions. Given the nature of the group's business, the group aims to maintain the flexibility of the financing process by providing committing credit channels.

The Group ensures that it has sufficient cash on demand to meet expected operating expenses; This excludes the potential impact of extreme conditions that cannot be reasonably anticipated such as natural disasters.

The Group does not consider it to be exposed to significant liquidity risk and believes it will be able to meet it as soon as it becomes due for payment.

The following table summarizes the maturities of the group's undiscounted financial liabilities based on undiscounted contractual payments as of December 31, 2021.

	As at 31 December 2021			
	Less than 1 year	**From 1 year to 5 years**	**More than 5 years**	**Total**
Trade payable and other creditor	**60,344,066**	**-**	**-**	**60,344,066**
Shareholder’s dues	**18,831,587**	**-**	**-**	**18,831,587**
Loans	**174,319,333**	**90,936,314**	-	**265,255,647**
Notes payable	**4,748,400**	**3,561,300**	-	**8,309,700**

	As at 31 December 2020			
	Less than 1 year	From 1 year to 5 years	More than 5 years	Total
Trade payable and other creditor	**45,742,628**	-	-	**45,742,628**
Shareholder’s dues	**18,893,933**	-	-	**18,893,933**
Loans	**55,894,203**	**94,144,894**	-	**150,039,097**
Notes payable	**4,748,400**	**8,309,700**	-	**13,058,100**

Interest price risk

Financial instruments are exposed to the risk of changes in value as a result of changes in commission rates for their financial assets and liabilities with variable commission rates. Actual commission rates and periods during which financial assets and liabilities are re-priced or matured have been referred to in the related notes.

The following table shows the effect of the sensitivity of a possible reasonable change in interest rates on the profit of the group through the effect of changing the borrowing commission rate, with the other variables constant, as there is no effect on the comprehensive income:

	Increase (decrease) in commission rate	**Balance**	**The potential impact on consolidated comprehensive in-come**
31 December 2021			
Long-term loan	**%1 ±**	**90,936,314**	**909,363±**

	Increase (decrease) in commission rate	**Balance**	**The potential impact on consolidated comprehensive in-come**
31 December 2020			
Long-term loan	%1 ±	94,144,894	941,449±

(Amounts in Saudi Riyals)

Risk management

The Group's objectives when managing capital are to protect the Group's ability to continue operating on a commercial basis with the objective of providing returns to shareholders. Capital is the equity that belongs to the shareholders of the company. The primary objective of the Group's capital management is to support its business and maximize shareholder value.

It is the policy of the Board of Directors to maintain a strong capital base that preserves investor, creditor and market confidence and sustaining future business development. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Board of Directors monitors the return on capital, and the Board of Directors monitors the level of dividends to shareholders.

35. Acquisition of subsidiaries

The acquisition was calculated using the acquisition method under IFRS 3 - Business Combinations (the "Standard") with Abeen Healthcare Company being the acquiring party and Medical Bridges Company being the acquired party. As required by the standard, Abeen healthcare Company is in the process of allocating the purchase consideration for identifiable assets and liabilities up to the date of issuance of the consolidated financial statements. Accordingly, Abeen healthcare Company has calculated the acquisition based on the temporary fair values of the acquired assets and liabilities as on the date of acquisition, as independent evaluations have not been completed. The adjustment to these provisional values will be completed within twelve months from the date of acquisition as permitted by the standard. The Company is in the process of making a comprehensive allocation of the purchase price, which is expected to be completed within twelve months from the date of acquisition and will focus, without limitation, on the completion of valuation adjustments on the following:
- recognition of intangible assets,
- property and equipment,
- Recognition of other financial and non-financial assets and liabilities,

The initial purchase price allocation is included in the consolidated financial statements. Subsequent adjustments will occur during the measurement period when the company completes its estimate of the fair values of the assets acquired and the liabilities assumed. Accounting for the fair value of the financial assets and liabilities acquired from Medical Bridges Company is provisional due to the inherent complexity and discretion associated with identifying intangible assets and determining the fair value of intangible assets and items included in the statement of financial position.

	Fair value
Property and equipment, net	**148,486**
Intangible assets, net	**3,304**
Prepaid expenses and other current assets	**174,358**
Trade receivables	**32,719**
Cash and cash equivalents	**84,917**
Employee post-employment benefits	**(88,359)**
Trade payables	**(89,511)**
Due to a related party	**(1,508,333)**
Accrued expenses and other payables	**(232,299)**
Total of the identifiable assets and liabilities acquired	**(1,474,718)**
Goodwill	**1,524,718**
Total	**50,000**
Net cash used generated from the acquisition	
Accrued amounts	**50,000**
Cash and cash equivalents	**(84,917)**
Total	**(34,917)**

36. Subsequent events

- On January 13, 2022, Batic Company was completed the capital increase of from 300 million riyals to 600 million through rights issue shares, and the proceeds of the capital increase were received in the company's account. On January 17, 2022, the company modified its articles of association to reflect the company's capital after Increase.
- On January 13, the company repaid its short-term credit facility agreement with a local bank, by total amount 140,000,000 Saudi Riyals
- On January 13, 2022, BATIC signed an agreement to purchase the total of the shares owned by Hollol zakiah in the capital of the Smart City Solutions and Information Technology Company (a subsidiary company) until the date of this FS The deal is Still not completed.
- On March 09, 2022, the BATIC Company signed a memorandum of understanding to acquire all of the owners' shares in Afkar Logistics Company by its subsidiary (the Saudi Transport and Investment Company - Mubarrad) and the duration of this memorandum is 6 months from the date of signing the memorandum of understanding.

37. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's classifications.

38. Approval of the consolidated financial statements

These consolidated financial statements were approved by the company's board of directors on 24 March 2022 (corresponding to 21 Shaaban 1443).