

AL ABDULLATIF INDUSTRIAL INVESTMENT COMPANY  
(A SAUDI JOINT-STOCK COMPANY)  
RIYADH - KINGDOM OF SAUDI ARABIA  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS  
ENDED SEPTEMBER 30, 2021

**AL ABDULLATIF INDUSTRIAL INVESTMENT COMPANY**  
**(A SAUDI JOINT-STOCK COMPANY)**  
**RIYADH - KINGDOM OF SAUDI ARABIA**  
**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021**

<b><u>INDEX</u></b>	<b><u>PAGE</u></b>
Independent auditor's review report for the interim condensed consolidated financial statements	1
Interim condensed consolidated statement of financial position (unaudited)	2
Interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited)	3
Interim condensed consolidated statement of changes in shareholders' equity (unaudited)	4
Interim condensed consolidated statement of cash flows (unaudited)	5
Notes to the interim condensed consolidated financial statements (unaudited)	6 - 16



Prof. Registration 4030291245

122, Prince Faisal Bin Turki St.

Creativity Commercial Center

Al Murabba District

P.O.Box 489, Riyadh 11411

T: 011 408 1811 / 408 1801

F: 011 408 1836

[www.elayouty.com](http://www.elayouty.com)

**Independent auditor's review report for  
the interim condensed consolidated financial statements**

**To the Shareholders  
Al Abdullatif Industrial Investment Company  
A Saudi joint-stock company  
Riyadh - Kingdom of Saudi Arabia**

**Introduction:**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Abdullatif Industrial Investment Company (a Saudi joint-stock company) (the "Company") and its subsidiaries (collectively referred to as the "Group") as of September 30, 2021, the interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended September 30, 2021, the interim condensed consolidated statements of changes in Shareholders' equity and cash flows for the nine-month periods then ended, and a summary of significant accounting policies, and other explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that approved in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in the audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements have not been prepared in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

**Riyadh on: Rabi'II 3, 1443 H  
November 8, 2021 G**

**For El Sayed El Ayouty & Co.**

**Abdullah A. Balamesh  
Certified Public  
Accountant**

**License No. (345)**



**Al Abdullatif Industrial Investment Company**  
**(A Saudi joint-stock company)**  
**Riyadh - Kingdom of Saudi Arabia**  
**Interim condensed consolidated statement of financial position**  
**as at September 30, 2021 (unaudited)**

(Expressed in thousands of Saudi Riyals)

	Note	30/09/2021 (unaudited)	31/12/2020 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment - net	5	235,454	298,646
Investment properties - at cost	6	87,005	50,000
Right-of-use assets - net	7.1	16,611	17,798
Investments at fair value through other comprehensive income (FVOCI)	8	82,775	82,775
<b>Total non-current assets</b>		<b>421,845</b>	<b>449,219</b>
<b>Current assets</b>			
Inventory - net		391,930	335,667
Trade receivables - net		401,813	346,185
Due from related parties	9.1	44,826	38,798
Prepayments and other debit balances		34,301	27,517
Investments at fair value through profits or losses	10	9,000	8,750
Cash and Cash Equivalents		28,196	76,651
<b>Total current assets</b>		<b>910,066</b>	<b>833,568</b>
<b>Total assets</b>		<b>1,331,911</b>	<b>1,282,787</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	11	812,500	812,500
Statutory reserve		241,429	241,429
Reserve of valuation of investments at fair value		(4,538)	(4,538)
Retained earnings		72,365	82,314
<b>Total Shareholders' equity</b>		<b>1,121,756</b>	<b>1,131,705</b>
<b>Non-current liabilities</b>			
Lease obligations – non-current portion	7.2.2	16,640	17,131
Employees' defined benefit obligations	12	14,853	13,428
<b>Total non-current liabilities</b>		<b>31,493</b>	<b>30,559</b>
<b>Current liabilities</b>			
Banks– Islamic credit facilities	13	125,621	66,304
Lease obligations – current portion	7.2.1	1,286	1,202
Trade payables		20,930	12,879
Due to related parties	9.2	-	185
Accrued expenses and other credit balances		16,749	16,858
Dividends payable		1,076	1,076
Provision for zakat	14	13,000	22,019
<b>Total current liabilities</b>		<b>178,662</b>	<b>120,523</b>
<b>Total liabilities</b>		<b>210,155</b>	<b>151,082</b>
<b>Total Shareholders' Equity and Liabilities</b>		<b>1,331,911</b>	<b>1,282,787</b>

The accompanying notes (1) to (20) form an integral part of these interim condensed consolidated financial statements (unaudited)

Chief Financial Officer

Authorized BOD's Member

Chief Executive Officer

**Al Abdullatif Industrial Investment Company**  
**(A Saudi joint-stock company)**  
**Riyadh - Kingdom of Saudi Arabia**  
**Interim condensed consolidated statement of profit or loss and other comprehensive income**  
**For the three-month and nine-month periods ended September 30, 2021 (unaudited)**

(Expressed in thousands of Saudi Riyals)

		For the three-month period ended		For the nine-month period ended on	
	Note	30/09/2021 (unaudited)	30/09/2020 (unaudited)	30/09/2021 (unaudited)	30/09/2020 (unaudited)
Other revenue, net		156,165	102,560	461,176	317,767
Cost of revenue		(148,143)	(104,650)	(425,861)	(317,803)
<b>Gross profit (loss)</b>		<b>8,022</b>	<b>(2,090)</b>	<b>35,315</b>	<b>(36)</b>
Selling and marketing expenses		(7,897)	(4,083)	(16,760)	(9,868)
General and administrative expenses		(6,175)	(4,047)	(15,937)	(13,381)
Other income		1,040	1,490	5,033	4,997
<b>Profit (loss) from operating activities</b>		<b>(5,010)</b>	<b>(8,730)</b>	<b>7,651</b>	<b>(18,288)</b>
Net cost of finance		(894)	(947)	(1,564)	(3,076)
Dividends income		88	163	264	359
Profits of valuation of investments at fair value through profits or losses	10	225	1,802	250	534
<b>Net profit (loss) for the period before Zakat</b>		<b>(5,591)</b>	<b>(7,712)</b>	<b>6,601</b>	<b>(20,471)</b>
Zakat	14	(5,000)	(4,412)	(16,550)	(12,412)
<b>Net (loss) for the period</b>		<b>(10,591)</b>	<b>(12,124)</b>	<b>(9,949)</b>	<b>(32,883)</b>
<b>Other comprehensive income:</b>					
Other comprehensive income items		-	-	-	-
<b>Comprehensive income for the period</b>		<b>(10,591)</b>	<b>(12,124)</b>	<b>(9,949)</b>	<b>(32,883)</b>
<b>Net (loss) for the period attributable to:</b>					
Shareholders of Parent Company		(10,591)	(12,124)	(9,949)	(32,883)
Basic and diluted earnings (loss) attributable to Company's Shareholders of net (loss) for the period in Saudi Riyals	15	(0.13)	(0.15)	(0.12)	(0.40)

The accompanying notes (1) to (20) form an integral part of these interim condensed consolidated financial statements (unaudited)

Chief Financial Officer

Authorized BOD's Member

Chief Executive Officer



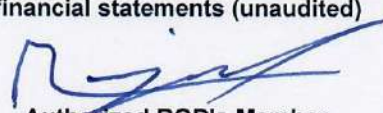
**Al Abdullatif Industrial Investment Company**  
**(A Saudi joint-stock company)**  
**Riyadh - Kingdom of Saudi Arabia**  
**Interim condensed consolidated statement of changes in Shareholders' equity**  
**For the nine-month period ended September 30, 2021 (unaudited)**

(Expressed in thousands of Saudi Riyals)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Reserve of valuation of investments at fair value</u>	<u>Retained earnings</u>	<u>Total Shareholders' equity</u>
<b>For the nine-month period ended September 30, 2020</b>					
Balance at January 01, 2020 (audited)	812,500	241,429	(13,361)	108,258	1,148,826
Net (loss) for the period	-	-	-	(32,883)	(32,883)
<b>Balance at September 30, 2020 (unaudited)</b>	<b>812,500</b>	<b>241,429</b>	<b>(13,361)</b>	<b>75,375</b>	<b>1,115,943</b>
<b>For the nine-month period ended September 30, 2021</b>					
Balance at January 01, 2021 (audited)	812,500	241,429	(4,538)	82,314	1,131,705
Net (loss) for the period	-	-	-	(9,949)	(9,949)
<b>Balance at September 30, 2021 (unaudited)</b>	<b>812,500</b>	<b>241,429</b>	<b>(4,538)</b>	<b>72,365</b>	<b>1,121,756</b>

The accompanying notes (1) to (20) form an integral part of these interim condensed consolidated financial statements (unaudited)

  
Chief Financial Officer

  
Authorized BOD's Member

  
Chief Executive Officer

**Al Abdullatif Industrial Investment Company**  
**(A Saudi joint-stock company)**  
**Riyadh - Kingdom of Saudi Arabia**  
**Interim condensed consolidated statement of cash flows**  
**For the nine-month period ended September 30, 2021 (unaudited)**

**(Expressed in thousands of Saudi Riyals)**

	<b>For the nine-month period ended on</b>	
	<b>30/09/2021</b>	<b>30/09/2020</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net (loss) for the period	(9.949)	(32.883)
<b>Adjustment for net (loss) for the period:</b>		
Dividends income	(264)	(359)
Depreciation on property, plant and equipment	34.417	37.606
Gains on disposal of property, plant and equipment	(1.112)	(60)
Depreciation on right-of-use assets	1.202	1.192
Profits of valuation of investments at fair value through profits or losses	(250)	(534)
Interests on bank facilities	912	2.408
Interests on leases	677	771
Impairment of inventory	1.307	-
Impairment of trade receivables	2.201	2.000
Employees' defined benefit obligations	4.416	3.095
Provisions reserved	-	(37)
Zakat	16.550	12.412
	<b>50.107</b>	<b>25.611</b>
<b>Changes during the period in:</b>		
Inventory	(57.570)	32.248
Trade receivables	(57.829)	(11.118)
Due from related parties	(6.028)	(1.135)
Prepayments and other debit balances	(6.784)	11.309
Trade payables	8.051	(1.079)
Due to related parties	(185)	-
Accrued expenses and other credit balances	(109)	2.629
Provision for zakat paid	(25.569)	(18.774)
Employees' defined benefit obligations paid	(2.991)	(2.191)
Net cash flows (used in) from operating activities	<b>(98.907)</b>	<b>37.500</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(9.269)	(6.224)
Proceeds from disposal of property, plant and equipment	2.151	60
Dividends income	264	359
Proceeds from disposal of investments at FVTPL	-	7.817
Net cash flows (used in) from investments activities	<b>(6.854)</b>	<b>2.012</b>
<b>Cash flows from financing activities</b>		
Finance obtained from banks - credit facilities	60.203	101.002
Finance from banks - credit facilities paid	(1.798)	(165.978)
Lease liabilities paid	(1.099)	(1.530)
Net cash flows from (used in) financing activities	<b>57.306</b>	<b>(66.506)</b>
Net (decrease) in cash and cash equivalents	<b>(48.455)</b>	<b>(26.994)</b>
Cash and cash equivalents at beginning of the period	<b>76.651</b>	<b>69.684</b>
Cash and cash equivalents at end of the period	<b>28.196</b>	<b>42.690</b>
<b>Supplemental information on non-cash transactions</b>		
Right-of-use assets against lease obligations	(15)	-
Transfer from property and equipment to investment properties	37.005	-

The accompanying notes (1) to (20) form an integral part of these interim condensed consolidated financial statements (unaudited)

Chief Financial Officer

Authorized BOD's Member

Chief Executive Officer



**Al Abdullatif Industrial Investment Company**  
**(A Saudi joint-stock company)**  
**Riyadh - Kingdom of Saudi Arabia**  
**Notes to the interim condensed consolidated financial statements**  
**For the nine-month period ended September 30, 2021 (unaudited)**

**(Expressed in thousands of Saudi Riyals)**

**1. General information**

1.1 Al Abdullatif Industrial Investment Company ("the company") is a Saudi joint-stock company incorporated in accordance with the Saudi Companies Law pursuant to Ministerial Resolution No. 3120 on 23/10/1427 H (14/11/2006) and Ministerial Resolution No. 188 on 27/12/1427H (17/1/ 2007), upon which the Company received the approval to convert from a limited liability to a Saudi joint-stock company. The Company is registered in the commercial registration of Riyadh under No. 1010073685 on 26/2/1410 H (26/9/1989) valid until 25/2/1447H (19/8/2025). The mailing address of the Company's head office is: Riyadh, P.O. Box 859, Postal Code 11421.

**1.2 Main activities of the Company**

Floor rug manufacturing including (prayer and travel rugs) and carpet manufacturing under industrial license No. 633 on 13/2/1439H.

1.3 The interim condensed consolidated financial statements as of September 30, 2021 - include the interim condensed consolidated financial statements of the Parent Company and the following subsidiaries, collectively referred to as the "Group":

<b><u>Name of subsidiary</u></b>	<b><u>Legal form</u></b>	<b><u>Headquarters</u></b>	<b><u>Main activity</u></b>	<b><u>Shareholding%</u></b>
National Spinning Company	LLC	Riyadh	Yarn production	100%
Eastern Textiles Company	LLC	Riyadh	Polypropylene yarn production	100%
Western Textiles Company	LLC	Riyadh	Polypropylene yarn production	100%
Adfa Blanket Company	LLC	Riyadh	Production of blankets	100%
Nadeen Arabian Color Company	LLC	Riyadh	Masterbatch production	100%
Shahd Paper Tube Factory	LLC	Riyadh	PVC tubes	100%
First Carpet Company	LLC	Riyadh	Carpet backing production	100%
Retaj Al Waseel Company	LLC	Riyadh	Staff catering and transportation services	100%
Abdullatif Training Institute	LLC	Riyadh	Training services	100%

1.4 The Group's fiscal year begins on January 1st and ends on December 31st of each calendar year and the presented financial statements are for the period from January 01, 2021 to September 30, 2021.

**2. Basis of preparation of interim condensed consolidated financial statements**

**2.1 Statement of compliance**

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" that is endorsed in Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Auditors and Accountants.

These interim condensed consolidated financial statements do not include all the information and notes required for the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statement for the year ended December 31, 2020.



**Al Abdullatif Industrial Investment Company**  
**(A Saudi joint-stock company)**  
**Riyadh - Kingdom of Saudi Arabia**  
**Notes to the interim condensed consolidated financial statements**  
**For the nine-month period ended September 30, 2021 (unaudited)**

**(Expressed in thousands of Saudi Riyals)**

**2.2 Basis for consolidation of financial statements**

The interim condensed consolidated financial statements include the financial statements of the Parent Company and all subsidiaries, collectively referred to as the "Group". The interim condensed consolidated financial statements present financial information about the Group as a single economic entity at the same reporting date of the Parent Company, using consistent accounting policies.

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control is presumed to exist over the subsidiary when the Company owns, directly or indirectly, more than half of the voting power of an investee unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists when the Company owns half or less of the voting power of an investee but has other power to govern the financial and operating policies of the entity.

The assets, liabilities and results of the subsidiaries are consolidated in full from the date of acquisition, being the date when control is transferred to the Group. Consolidation continues until the date of such control ceases.

The Group applies the acquisition method to account for business combinations.

Inter-company transactions, balances, income, expenses, unrealized gains and losses on transactions and dividends are eliminated in full.

**2.3 Basis of measurement**

The interim condensed consolidated financial statements have been prepared in accordance with the accrual basis of accounting and the going concern principle, and on the basis of the historical cost principle except for financial assets that are measured at fair value and financial liabilities that are measured at the present value of future liabilities projections using the projected unit credit method.

**2.4 Presentation currency**

These interim condensed consolidated financial statements are presented in Saudi Riyals ("SR") which is the functional and presentation currency. All figures in the interim condensed consolidated financial statements have been rounded to nearest thousand Riyals unless otherwise stated.

**2.5 Use of judgments, estimates and assumptions**

The preparation of these financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenue, expenses, assets, liabilities, and disclosures of contingent liabilities at the reporting date. Although these estimates are based on the best current information and indicators available to Management, the final actual results, however, may differ from these estimates.

These estimates and assumptions are reviewed on an ongoing basis, and the effects arising from adjustment of the accounting estimates are recognized in the period in which such adjustment is made and the subsequent periods. The assumptions and estimates are particularly represented in the application of accounting policies that have significant impact on the amounts recognized in the financial statements.

The significant judgments made by Management in applying the Group's accounting policies and the significant sources of estimation uncertainties were the same as those applied to the consolidated financial statements for the year ended December 31, 2020.

However, as described in Note (18), the Group has reviewed the significant sources of uncertainties in the last annual consolidated financial statements in the light of the covid-19 pandemic. Management believes that all other sources of uncertainties remain similar to those reflected in the most recent annual consolidated financial statements. Management will continue to monitor the situation. Any required changes will be reflected in future reporting periods.

**3. Significant accounting policies**

The accounting policies applied to these interim condensed consolidated financial statements are the same as those applied to the consolidated financial statements for the year ended 31 December 2020.

**4. Changes in significant accounting policies and new standards**

No new IFRS standards have been issued; however, a number of IFRS amendments are effective as of January 1, 2021, which were explained in the Company's annual consolidated financial statements, but have no significant impact on the Company's interim condensed consolidated financial statements.



**Al Abdullatif Industrial Investment Company**  
**(A Saudi joint-stock company)**  
**Riyadh - Kingdom of Saudi Arabia**  
**Notes to the interim condensed consolidated financial statements**  
**For the nine-month period ended September 30, 2021 (unaudited)**

(Expressed in thousands of Saudi Riyals)

**5. Property, plant and equipment - net**

	<u>Lands</u>	<u>Buildings and roads *</u>	<u>Plant, equipment and main spare parts</u>	<u>Vehicles</u>	<u>Furniture, fixture and office equipment</u>	<u>Capital work in progress**</u>	<u>Total</u>
<b>Cost:</b>							
Balance at 01 January 2021	47.630	220.187	1,845.780	33.210	109.022	419	2,256.248
Additions during the period	-	-	5.564	614	531	2.560	9.269
Transfers	(37.005)	410	-	-	-	(410)	(37.005)
Disposals	-	-	(8.086)	-	-	-	(8.086)
<b>Balance at 30 September 2021</b>	<b>10.625</b>	<b>220.597</b>	<b>1,843.258</b>	<b>33.824</b>	<b>109.553</b>	<b>2.569</b>	<b>2,220.426</b>
<b>Accumulated depreciation:</b>							
Balance at 01 January 2021	-	196.898	1,621.300	33.038	100.766	-	1,952.002
Depreciation for the period	-	4.026	28.096	263	2.032	-	34.417
Disposals	-	-	(7.047)	-	-	-	(7.047)
<b>Balance at 30 September 2021</b>	<b>-</b>	<b>200.924</b>	<b>1,642.349</b>	<b>33.301</b>	<b>102.798</b>	<b>-</b>	<b>1,979.372</b>
<b>Provision for accumulated impairment:</b>							
Balance at 01 January 2021	-	-	5.600	-	-	-	5.600
<b>Balance at 30 September 2021</b>	<b>-</b>	<b>-</b>	<b>5.600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.600</b>
<b>Net book value:</b>							
<b>As at 30 September 2021</b>	<b>10.625</b>	<b>19.673</b>	<b>195.309</b>	<b>523</b>	<b>6.755</b>	<b>2.569</b>	<b>235.454</b>
<b>As at December 31, 2020</b>	<b>47.630</b>	<b>23.289</b>	<b>218.880</b>	<b>172</b>	<b>8.256</b>	<b>419</b>	<b>298.646</b>

\* Some of the above-mentioned buildings are built on land leased from the Saudi Authority for Industrial Cities and Technology Zones (Modon) in the Second Industrial City, Riyadh, under a contract ending on 06/08/1452 H.

\*\* Capital work in progress represents the value of buildings, plant and equipment during the construction and installation phase.



**Al Abdullatif Industrial Investment Company**  
**(A Saudi joint-stock company)**  
**Riyadh - Kingdom of Saudi Arabia**  
**Notes to the interim condensed consolidated financial statements**  
**For the nine-month period ended September 30, 2021 (unaudited)**

(Expressed in thousands of Saudi Riyals)

	<u>30/09/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
<b>6. Investment properties - at cost</b>		
<b>Lands</b>		
<b>Cost:</b>		
Balance at beginning of the period/year	50.000	50.000
Transfers	37.005	-
<b>Balance at end of the period/ year</b>	<b>87.005</b>	<b>50.000</b>
<b>Net carrying amount at end of the period / year</b>	<b>87.005</b>	<b>50.000</b>

\* Investment properties represent the following:

(a) A real estate contribution to a land in Madinah (for the purpose of generating revenue or capital profit) at a rate of 14.58% under land sharing contract between the Company and one of the local investment properties companies under which the title deed was registered. It is also entitled to sell or dispose of the land without consulting the Company. In that case the sale value and profits are divided according to the participation percentage immediately after the sale.

The fair value as at December 31, 2020 amounted to SR 57,140 thousand (2019: SR55,354 thousand) according to the valuation of the Company's share in this land by (Adhwaa Al-Arab Company, license number: 1210000846), which is an accredited valuer.

(b) A land in Khobar City purchased in 2015 to establish a regional sales center targeting the Eastern Province and the GCC countries. It was included in previous years under property, plant and equipment. During the current period, and due to the economic conditions and the covid-19 impact, the Management put off the establishment of the center and decided to classify the land as investment property, which has been leased out to generate additional income for the Company.

Its fair value, according to the last valuation as of March 31, 2021, amounted to SR42,113 thousand, as per the evaluation of the land by (Adhwaa Al-Arab Company, license number: 1210000846) as an accredited valuer.

## **7. Leases**

### **7.1 Right-of-use assets – net**

	<u>30/09/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
<b>Right-of-use lands – net</b>		
<b>Cost:</b>		
Balance at beginning of the period/year	20.978	20.978
Additions during the period/year	15	-
<b>Balance at end of the period/ year</b>	<b>20.993</b>	<b>20.978</b>
<b>Accumulated depreciation:</b>		
Balance at beginning of the period/year	3.180	1.590
Depreciation for the period / year	1.202	1.590
<b>Balance at end of the period/ year</b>	<b>4.382</b>	<b>3.180</b>
<b>Net carrying amount at end of the period / year</b>	<b>16.611</b>	<b>17.798</b>

	<u>30/09/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
<b>7.2 Lease liabilities</b>		
Balance at beginning of period/year	18.333	19.761
Additions during the period/year	15	-
<b>Less: Repaid during the period</b>	<b>(1.099)</b>	<b>(2.395)</b>
Charged to finance cost	677	967
<b>Present value of obligations</b>	<b>17.926</b>	<b>18.333</b>



**Al Abdullatif Industrial Investment Company**  
**(A Saudi joint-stock company)**  
**Riyadh - Kingdom of Saudi Arabia**  
**Notes to the interim condensed consolidated financial statements**  
**For the nine-month period ended September 30, 2021 (unaudited)**

**(Expressed in thousands of Saudi Riyals)**

**7.2 Lease liabilities (Continued)**

Lease obligations are presented in the statement of financial position based on the current portion - within the current liabilities (which represents the payable portion within a year) and the non-current portion - within the non-current liabilities (which represents the remaining liability less the current portion) as follows:

	<u>30/09/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
7.2.1 Lease liabilities - current portion	1,286	1,202
7.2.2. Lease liabilities - non-current portion	<b>16,640</b>	<b>17,131</b>
	<b>17,926</b>	<b>18,333</b>

**8. Investments at fair value through other comprehensive income (FVOCI)**

<u>Unquoted investments</u>	<u>Legal form</u>	<u>Headquarters</u>	<u>Shareholding %</u>	<u>30/09/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
Red Sea Cables Company *	Saudi closed joint stock company	Riyadh	27%	45,650	45,650
Al-Reef Sugar Refining Company **	Saudi closed joint stock company	Jeddah	15%	37,125	37,125
				<b>82,775</b>	<b>82,775</b>

**Movement of changes in fair value was at follows:**

	<u>30/09/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
Balance at beginning of the period/year	82,775	72,377
Additions during the period/year	-	1,575
Profits from revaluation of investments at fair value	-	8,823
<b>Fair value at end of the period / year</b>	<b>82,775</b>	<b>82,775</b>

\* The cost of the investment in the Red Sea Company amounted to SR50 million.

\*\* The cost of the investment in Al-Reef Sugar Refining Company amounted to SR45 million.

- During 2020, the Group injected an amount of SR1,575 thousand, which represents 50% payment of the Group's share in the increase of share capital of Al Reef Sugar Refining Company, which is set at 7% of the Company's share capital value pursuant to the resolution of the Board of Directors of Al Reef Sugar Refining Company dated 28/2/1442H (14/10/2020).

- The Group does not have any control or significant influence over participation in the financial and operational decisions of the investees.

- The aforementioned fair value is valued as at December 31, 2020 by an accredited valuer (Ahmed Mohammad Abdullah Al-Farraj Office for Valuation of Economic Enterprises - license No. 4112000053). The Management has not conducted a revaluation during the nine-month period ended September 30, 2021 because it believes that the fair value of investment has not changed.

-Note 17 includes information on fair value.



**Al Abdullatif Industrial Investment Company**  
**(A Saudi joint-stock company)**  
**Riyadh - Kingdom of Saudi Arabia**  
**Notes to the interim condensed consolidated financial statements**  
**For the nine-month period ended September 30, 2021 (unaudited)**

(Expressed in thousands of Saudi Riyals)

**9. Related party transactions**

**9.1 Due from related parties**

<u>Related parties</u>	<u>Nature of relationship</u>	<u>30/09/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
Al Abdullatif Furniture Company	Related to one of the directors of the Board	44,826	38,798

**9.2 Due to related parties**

<u>Related parties</u>	<u>Nature of relationship</u>	<u>30/09/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
Natural Gas Distribution Company	Related to one of the directors of the Board	-	185

The Group performs an assessment of the receivables due from related parties by examining the financial position of the related parties and the markets in which they operate in each financial period. The Management believes that there are no indications of impairment in the value of the balances due as of September 30, 2021.

**9.3 Significant transactions with related parties**

<u>Related party</u>	<u>Nature of relationship</u>	<u>Type and volume of related party transactions</u>		
		<u>Sales and services rendered</u>	<u>Purchases and services received</u>	<u>Payments and repayments</u>
Al Abdullatif Furniture Company	Related to one of the directors of the Board	29,153	(173)	(22,952)
Natural Gas Distribution Company	Related to one of the directors of the Board	-	(1,174)	1,359

**9.4 Compensation Management personnel**

The General Assembly resolved in its meeting held on 05/11/1442 H (15/06/2021) to pay sum of SR400,000 to four Directors of the Board as a remuneration for the financial year ended 31/12/2020. The remaining three Directors waived their remuneration for the year ended 31/12/2020.

	<u>30/09/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
<b>10. Investments at FVTPL</b>		
Balance at beginning of the period/year	8,750	16,258
Profits from revaluation of investments at fair value	250	309
Disposals through sale	-	(7,817)
<b>Balance at end of the period/ year</b>	<b>9,000</b>	<b>8,750</b>

\* Investments represent shares of a listed company (Saudi Arabian Oil Company – Aramco) with less than 1% of the share capital of the investee. The number of shares of the investee as of September 30, 2021 were 250,000. The fair value was measured according to the disclosed share price as at September 30, 2021. Profits or losses of valuation have been recognized through profits or losses.

	<u>30/09/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
<b>11. Share capital</b>		
<b>Balance at end of the period/ year</b>	<b>812,500</b>	<b>812,500</b>

The Company's share capital is SR812,500 divided into 81,250 shares at a nominal value of SR10 each. The Shareholders subscribed to the entire share capital of the Company. There were no changes in the share capital during the current financial year.



**Al Abdullatif Industrial Investment Company**  
**(A Saudi joint-stock company)**  
**Riyadh - Kingdom of Saudi Arabia**  
**Notes to the interim condensed consolidated financial statements**  
**For the nine-month period ended September 30, 2021 (unaudited)**

**(Expressed in thousands of Saudi Riyals)**

**12. Employee defined benefit obligations**

The Group operates an end-of-service plan for its employees in line with the Labor Law requirements in the Kingdom of Saudi Arabia. The EOS payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment. Employee benefit plans are unfunded plans and the Group meets benefit payment obligations when they fall due. The movement during the period was as follows:

	<u>30/09/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
Balance at beginning of period/year	13,428	11,385
Cost of current service	4,416	4,243
Paid during the period/year	(2,991)	(3,313)
Actuarial losses "charged to other comprehensive income"	-	1,113
<b>Balance at end of the period/ year</b>	<b>14,853</b>	<b>13,428</b>

The Group performed an actuarial valuation of employee future benefits on December 31, 2020. It proved the impact of that valuation. The Group's Management has not carried out an actuarial valuation of the employee benefit obligations during the nine-month period ended September 30, 2021, as it expects that there will be no significant changes in the present value of the obligations.

	<u>30/09/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
<b>13. Banks - credit facilities</b>		
Business facility finance and short-term Murabaha	126,193	66,653
Less : Deferred finance commissions	(572)	(349)
	<b>125,621</b>	<b>66,304</b>

\* Under facility agreements signed with local banks, the Group received short-term Islamic credit facilities at a credit limit SR 556.7 million for the following purposes:

- Finance to purchase and import raw materials, machinery and spare parts necessary for production - Finance for the operational cycle of the Company and working capital.
- Purchase of materials via the opening account of Sabic Company
- Letters of credit and guarantees
- Murabaha and Tawarruq
- Hedging from foreign currency and collection risks

The above are under the following guarantees:

- Promissory notes with maximum amount of the facilities
- Agreement to finance Islamic trade
- Main hedge agreement

	<u>30/09/2021</u> <u>(unaudited)</u>	<u>31/12/2020</u> <u>(audited)</u>
<b>14. Zakat provision</b>		
<b>14-1 Movement in zakat provision</b>		
Balance at beginning of the period/year	22,019	18,381
Paid during the period/year	(25,569)	(18,826)
Provided for the period / year	16,550	22,464
<b>Balance at end of the period/ year</b>	<b>13,000</b>	<b>22,019</b>



**Al Abdullatif Industrial Investment Company**  
**(A Saudi joint-stock company)**  
**Riyadh - Kingdom of Saudi Arabia**  
**Notes to the interim condensed consolidated financial statements**  
**For the nine-month period ended September 30, 2021 (unaudited)**

**(Expressed in thousands of Saudi Riyals)**

**14.2 Zakat status**

The Group has finalized its zakat position with Zakat, Tax and Customs Authority until 2018.

- The Group filed the zakat return for the year ended December 31, 2020.

- The Group obtained a certificate for 2020 valid until April 30, 2022.

- Zakat was computed for the subsidiaries mentioned in note (1) within the consolidated financial statements of the Group. The Group must account for it before the Zakat, Tax and Customs Authority. Each subsidiary is charged with its own zakat payable according to the Group's policy of reallocating the zakat among the subsidiaries for the nine-month period ended September 30, 2021, and according to the Management's estimates of the zakat base on that date, which may not necessarily represent an accurate indication of the actual period's share of the final zakat at the end of 2021.

**15. Earnings (loss) per share**

The basic (loss) per share was calculated on the basis of the net (loss) for the period attributable to the Company's Shareholders amounting to (SR9,949) thousand (2020: SR32,883 thousand) divided by the weighted average number of issued shares equal to 81,250 thousand shares (2020 - SR81,250 thousand shares). The diluted share (loss) was equal to the basic share (loss).

**16. Segment information**

The Group's operating segments are represented in two main sectors (the carpet, rugs and related products sector, and the blankets sector). Below is a summary of some of the financial information for the primary business sectors for the nine-month period ended September 30, 2021 (compared to the nine-month period ended September 30, 2020).

<b><u>Description / Sector</u></b>	<b><u>Carpet, rugs and related products</u></b>	<b><u>Blankets</u></b>	<b><u>Total</u></b>
<b><u>For the nine-month period ended September 30, 2021 (unaudited)</u></b>			
Revenue, net	423,788	37,388	461,176
Cost of revenue	(393,584)	(32,277)	(425,861)
Gross profit	30,204	5,111	35,315
Net (loss) profit for the period	(10,317)	368	(9,949)
Property, plant and equipment – net	217,548	17,906	235,454
Total assets	1,195,042	136,869	1,331,911
Total liabilities	203,066	7,089	210,155
<b><u>For the nine-month period ended September 30, 2020 (unaudited)</u></b>			
Revenue, net	277,770	39,997	317,767
Cost of revenue	(279,239)	(38,564)	(317,803)
Gross (loss) profit	(1,469)	1,433	(36)
Net (loss) for the period	(29,911)	(2,972)	(32,883)
Property, plant and equipment – net	289,496	20,420	309,916
Total assets	1,142,223	141,766	1,283,989
Total liabilities	160,751	7,295	168,046



**Al Abdullatif Industrial Investment Company**  
**(A Saudi joint-stock company)**  
**Riyadh - Kingdom of Saudi Arabia**  
**Notes to the interim condensed consolidated financial statements**  
**For the nine-month period ended September 30, 2021 (unaudited)**

**(Expressed in thousands of Saudi Riyals)**

**17. Financial instruments and risk management**

The Group's activities are exposed to various financial risks including: Liquidity risk, credit risk, and market risk (include currency risk, fair value risk, cash flow of commission rate and price risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Group's financial instruments comprise financial assets (cash and cash equivalents, trade receivables, investments at fair value through profit or loss, and other receivables) and financial liabilities (banks - credit facilities, trade payables and other payables) and include the following risks:

**17.1 Liquidity risks**

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. The Group manages and monitors liquidity risks on a regular basis to ensure that sufficient funds are available through bank facilities to meet any future commitments.

The Group's sales conditions stipulate that payments are to be made in cash upon delivery of the goods or on a credit basis.

All current liabilities are expected to be settled within 12 months as of the date of the financial statements.

**17.2 Credit risks**

A credit risk refers to the risk that a customer or a counter party in a financial instrument will default on its contractual obligations resulting in financial loss to the Group and arises principally from the cash at banks and receivables. The Group minimizes credit risks associated with receivables by establishing procedures for credit limits for each customer and monitoring outstanding receivables in line with a set of procedures and policies. Cash is deposited with high credit rated banks.

**17.3 Market risk**

Market risk is the risk of fluctuations in a financial instrument due to changes in prevailing market prices such as foreign exchange rates, interest rates, and equity rates, which affect the Group's income or the value of its financial instruments.

Market risk management aims to manage and control market risk exposure within acceptable parameters while maximizing returns.

The Group is exposed to the following market risks:

**Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates affecting foreign currency payments and receipts along with assessment of assets and liabilities in foreign currencies.

The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Management regularly monitors changes in foreign exchange rates and manages the impact on the financial statements.



**Al Abdullatif Industrial Investment Company**  
**(A Saudi joint-stock company)**  
**Riyadh - Kingdom of Saudi Arabia**  
**Notes to the interim condensed consolidated financial statements**  
**For the nine-month period ended September 30, 2021 (unaudited)**

**(Expressed in thousands of Saudi Riyals)**

**Fair value risk**

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. Since the Group's financial statements are prepared under the historical cost principle, differences may arise between the carrying amount and the fair value estimates. The Group's Management believes that the fair value of the Group's financial assets and liabilities approximates book balances.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring fair value, the Group uses observable market information whenever possible. Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of the asset or liability fall into different levels of the hierarchy, the fair value measurement is categorized entirely in the same level of the fair value hierarchy as the lowest level input is considered material to the full measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurred. During the period there were no transfers between the fair value levels of Level 1 and Level 2.

Where the Group's financial instruments are grouped according to the historical cost principle, except for investments and derivative financial instruments charged at the fair value, differences may arise between the carrying amount and the fair value estimates. The management believes that the fair value of the Group's financial assets and liabilities are not materially different from their carrying amount.

**The financial assets measured at fair value are as follows:**

<b><u>Assets</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
Investments at fair value through other comprehensive income	-	-	82.775	82.775
Investments at fair value through profits or losses	9.000	-	-	9.000
<b>Total assets at fair value</b>	<b>9.000</b>	<b>-</b>	<b>82.775</b>	<b>91.775</b>

**Interest rate risk (currencies)**

Interest rate risk (commissions) represents the risk related to the effects of fluctuations in interest rates (commissions) prevailing in the market to the Group's financial position and its cash flows.

**Commodity price risk**

Commodity price risk is the risk associated with changes to the prices of certain commodities to which the Group is exposed as a result of adverse impact on the Group's costs and cash flows. The commodity price risks arise from the expected purchases of certain commodities made of raw materials used by the Group.



**Al Abdullatif Industrial Investment Company**  
**(A Saudi joint-stock company)**  
**Riyadh - Kingdom of Saudi Arabia**  
**Notes to the interim condensed consolidated financial statements**  
**For the nine-month period ended September 30, 2021 (unaudited)**

**(Expressed in thousands of Saudi Riyals)**

**18. Covid-19 updates**

The spread of the corona virus (covid-19) pandemic was confirmed at the beginning of 2020, causing disruption to business and economic activities around the world, including the Kingdom of Saudi Arabia, which took precautionary measures to encounter the adverse effects of the pandemic.

As a result of the pandemic, the Group's Management had to reassess the main assumptions, estimates and sources applicable to the Group's interim condensed consolidated financial statements for the period ended September 30, 2021.

During the period, and in the light of the discovery of vaccines for this pandemic and the reducing impact resulting from that pandemic, the Management assessed all the effects on the Group's operations and activities.

Based on that assessment, no significant changes were required in the interim condensed consolidated financial statements for the period ended September 30, 2021. The Group continues to closely monitor the pandemic's developments, though the Management is not aware of any anticipated factors that might change the impact of the pandemic on the Group's operations during or subsequent to 2021.

**19. Events subsequent to financial statements date**

Management believes that there are no subsequent significant events as of the date of the interim condensed consolidated statement of financial position at September 30, 2021 until the date of approval of these financial statements that may have a material impact on the interim condensed consolidated financial statements.

**20. Approval of interim condensed consolidated financial statements**

The interim condensed consolidated financial statements for the period ended September 30, 2021 were approved by the Group's Board of Directors on 03 Rabi Al-thani 1443H (November 08, 2021).