

SADR LOGISTICS COMPANY
(FORMERLY ALSAMAANI FOR METAL INDUSTRIES COMPANY)
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE & NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2021
WITH
INDEPENDENT AUDITOR'S REVIEW REPORT

SADR LOGISTICS COMPANY
(FORMERLY ALSAMAANI FOR METAL INDUSTRIES COMPANY)
(A Saudi Joint Stock Company)
Interim Condensed Financial Statements
For the Three & Nine-months period ended 30 September2021

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

**To The Shareholders of Sadr Logistics Company
(Formerly Al Samaani For Metal Industries Company)
(A Saudi Joint Stock Company)**

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Sadr Logistics Company (Formerly Al Samaani For Metal Industries Company) ("the Company"), as at 30 September 2021 and the related interim statements of profit or loss and other comprehensive income for the three and nine-month period then ended, and interim statements of changes in equity, and interim statements of cash flows for the nine-month period then ended, and notes to the interim financial statement, including a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim 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 are endorsed 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 an 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 financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

EMPHASIS OF MATTER

We draw attention to Note No. (2-1) accompanying to the interim condensed financial statements, which clarifies that the comparative figures presented in the interim financial statements, with the exception of the interim condensed financial position statement, are prepared by the company's management and no interim financial statements were issued therein for the period ending on 30 September, 2020.

For Al-Bassam & Co.

Ibrahim A. Al Bassam
Certified Public Accountant
License No. 337
Kingdom of Saudi Arabia



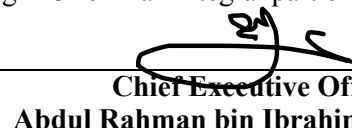
**10 Rabi Al-thani 1443H
15 November 2021**

SADR LOGISTICS COMPANY
(FORMERLY ALSAMAANI FOR METAL INDUSTRIES COMPANY)
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 September 2021
(Saudi Riyals)

	Note	30 September 2021 (unaudited)	31 December 2020 (audited)
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment		11,377,535	7,090,685
Intangible assets		500,000	560,669
Right-of-use assets	5-1	15,768,707	21,894,521
Net investment in finance lease	6	5,425,770	-
Total non-current assets		33,072,012	29,545,875
Current assets			
Inventory		15,048,268	13,432,242
Trade receivable, prepayments and other receivables	7	24,401,668	16,553,042
Net investment in finance lease – current portion	6	4,706,908	-
Investments carried at fair value through profit or loss	8	-	5,587,546
Cash and cash equivalents		5,266,234	2,350,160
Total current assets		49,423,078	37,922,990
Total assets		82,495,090	67,468,865
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital	1	25,000,000	25,000,000
Statutory reserve		1,582,000	1,582,000
Actuarial reserve		(583,433)	(583,433)
Retained earnings		10,616,422	8,349,041
TOTAL EQUITY		36,614,989	34,347,608
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease liabilities – non-current portion	5-2	10,335,784	14,500,438
Employees' post-employment benefits		2,714,579	2,386,293
Total non-current liabilities		13,050,363	16,886,731
Current liabilities			
Lease liabilities - current portion	5-2	10,821,147	7,844,299
Short term loan	9	10,221,197	-
Due to related parties	10	367,007	385,918
Trade and other payables		10,657,449	6,963,748
Zakat provision	11	762,938	1,040,561
Total Current liabilities		32,829,738	16,234,526
Total liabilities		45,880,101	33,121,257
TOTAL LIABILITIES AND EQUITY		82,495,090	67,468,865
Contingent and capital commitments	20		

The accompanying notes 1 through 23 form an integral part of these interim condensed financial statements.


Chief Financial Officer
Ahmed Mostafa Kortam

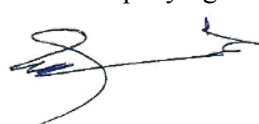

Chief Executive Officer
Abdul Rahman bin Ibrahim Al-Hadla


Authorized Board Member
Tariq bin Saad Al-Tuwaijri

SADR LOGISTICS COMPANY**(FORMERLY ALSAMAANI FOR METAL INDUSTRIES COMPANY)****(A Saudi Joint Stock Company)****INTRRIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****FOR THE THREE- & NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2021****(Saudi Riyals)**

		For the Three months ended		For the Nine months ended	
		30 September	30	30	30
		2021	September	September	September
	Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues	12	21,033,750	11,645,536	51,989,414	32,701,459
Cost of revenue	18	(11,783,175)	(8,126,226)	(34,304,111)	22,926,422)
Gross profit		9,250,575	3,519,310	17,685,303	9,775,037
Selling and marketing expenses	13	(2,042,305)	(1,576,239)	(5,263,612)	(4,457,614)
General and administrative expenses	14	(1,609,860)	(1,173,987)	(4,810,776)	(3,209,891)
Provision for impairment on net investment in finance lease	6	(2,252,590)	-	(2,252,590)	-
Provision for impairment on trade and other receivables	7-1	(201,893)	-	(468,550)	-
Profit from operations		3,143,927	769,084	4,889,775	2,107,532
Finance Cost	15	(324,089)	(108,220)	(849,252)	(131,427)
Other revenues, net		61,694	5,300	62,717	59,055
Gains from investments carried at FVTPL	8	-	88,413	43,077	334,191
Net profit before zakat		2,881,532	754,577	4,146,317	2,369,351
Zakat	11	(210,502)	(201,833)	(628,936)	(596,110)
Net profit for the period		2,671,030	552,744	3,517,381	1,773,241
Other Comprehensive Income:					
Items that will not be reclassified later in statement of profit or loss:					
Actuarial profit / (loss) for employees' post-employment benefits		--	--	--	--
Total comprehensive income for the period		2,671,030	552,744	3,517,381	1,773,241
Profit per share - basic and diluted from net Profit for the period	17	1,07	0,22	1,41	0,71

The accompanying notes 1 through 23 form an integral part of these interim condensed financial statements.



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Ahmed Mostafa Kortam



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Abdul Rahman bin Ibrahim Al-Hadla



Authorized Board Member
Tariq bin Saad Al-Tuwaijri

SADR LOGISTICS COMPANY
(FORMERLY ALSAMAANI FOR METAL INDUSTRIES COMPANY)
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF CHANGE IN EQUITY
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2021
(Saudi Riyals)

	Note	Share capital	Statutory reserve	Share premium	Actuarial reserve	Retained earnings	Total equity
Balance as at 1 January 2020 (audited)		15,000,000	1,324,119	14,478,469	(379,434)	2,299,640	32,722,794
Net income for the period		--	--	--	--	1,773,241	1,773,241
Transferred to retained earnings	1	--	--	(4,478,469)	--	4,478,469	--
Transferred to share capital	1	10,000,000	--	(10,000,000)	--	--	--
Dividends	16	--	--	--	--	(750,000)	(750,000)
Balance as at 30 September 2020 (unaudited)		25,000,000	1,324,119	--	(379,434)	7,801,350	33,746,035
Balance as at 1 January 2021 (audited)		25,000,000	1,582,000	--	(583,433)	8,349,041	34,347,608
Net Income for the period		--	--	--	--	3,517,381	3,517,381
Dividends	16	--	--	--	--	(1,250,000)	(1,250,000)
Balance as at 30 September 2021 (unaudited)		25,000,000	1,582,000	--	(583,433)	10,616,422	36,614,989

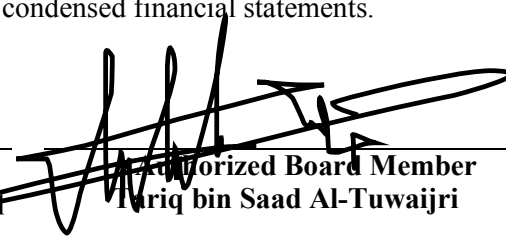
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Ahmed Mostafa Kortam



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Abdul Rahman bin Ibrahim Al-Hadlaq



Authorized Board Member
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SADR LOGISTICS COMPANY
(FORMERLY ALSAMAANI FOR METAL INDUSTRIES COMPANY)
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2021
(Saudi Riyals)

	Note	30 September 2021 (unaudited)	30 September 2020 (unaudited)
Cash flows from operating activities			
Net profit before zakat		4,146,317	2,369,351
Adjustments on non-monetary items:			
Depreciation on property, plant and equipment		932,549	850,909
Amortization of intangible assets		46,875	51,307
Depreciation on right-of-use assets	5-1	6,125,814	836,681
Gains from net investments in lease liabilities	6	(5,533,725)	--
Finance Cost	15	849,252	131,427
Gain on disposal property, plant and equipment and Intangible assets		(40,705)	(23,908)
Provision for post-employment benefits		385,695	291,611
Provision for obsolete inventory		41,902	234,113
Gains from investments carried at FVTPL	8	(43,077)	(334,191)
Zakat Adjustments	2-11	-	(1,833)
Provision for Impairment of net investment in finance lease	6	2,252,590	--
Provision for impairment losses in receivables accounts	1-7	468,550	--
		9,632,037	4,405,467
Changes in working capital:			
Inventory		(1,657,928)	(4,105,626)
Trade receivable, prepayments and other receivables		(7,507,548)	(2,195,804)
Trade and other payables		3,693,701	3,909,700
Due to related parties		(18,911)	(30,788)
Employees' post-employment benefits paid		(57,409)	(44,493)
Zakat paid	11-2	(906,559)	--
Net cash generated from operating activities		3,177,383	1,938,456
Cash flows from investing activities			
Proceeds from the disposal of property, plant and equipment		54,500	52,449
Net investment in lease liabilities	6	404,814	--
Investments in FVTPL	8	5,630,623	3,000,000
Additions to property, plant and equipment		(5,219,400)	(2,989,371)
Net cash generated from investing activities		870,537	63,078
Cash flows from financing activities			
Lease obligations	2-5	(10,029,649)	(1,309,232)
Received from short term loans	9	10,807,803	--
Paid from short term loans	9	(660,000)	--
Dividends	16	(1,250,000)	(750,000)
Net cash used in financing activities		(1,131,846)	(2,059,232)
Net change in cash and cash equivalents		2,916,074	(57,698)
Cash and cash equivalent at the beginning of the period		2,350,160	2,029,717
Cash and cash equivalents at the end of the period		5,266,234	1,972,019

The accompanying notes 1 through 23 form an integral part of these interim condensed financial statements.



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Abdul Rahman bin Ibrahim Al-Hadlaq



Authorized Board Member
Tariq bin Saad Al-Tuwaijri

SADR LOGISTICS COMPANY
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INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2021
(Saudi Riyals)

		30 September 2021 (unaudited)	30 September 2020 (unaudited)
Non cash transactions:			
Additions right of use assets / lease liability		--	24,018,853
Transfer from share premium to increase capital		--	10,000,000
Transfer from share premium to retained earnings		--	4,478,469
Transfer from net investments to trade receivables and prepay- ments and other receivables	6	809,628	--
Additions to lease obligations	5	8,057,933	--
Additions to investments in financing lease	6	13,591,658	--

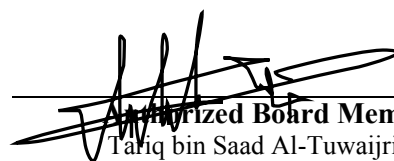
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SADR LOGISTICS COMPANY
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(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2021
(Saudi Riyals)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Sadr Logistics Co. (Formerly AlSamaani for Metal Industries Company) was established (“Company”) as a Saudi stock Company under the companies’ law in Kingdom of Saudi Arabia and registered under commercial register No. 1131012302 on 20 Shaaban 1414 H corresponding to 2 February 1994. The Company conducted its activities under Industrial Registration No. (415) issued on 18 Ragab 1412H corresponding to 25 November 1995 that was modified under Industrial license No. (1193) issued on 9 Jumada al-awwal 1440H corresponding to 15 January 2019. The company on 26 February 2017 corresponding to 29 Jumada al-awwal 1438H got listed in Parallel Market “NOMW”.

As at December 10, 2020, corresponding to 25 Rabi` Al-Thani 1442H, the Company's shares were listed in the main market “Tadawul” under code (1832).

The principal activity of the Company is the manufacture of wooden pallets - the manufacture of prefabricated steel structure units - the manufacture of finished and semi-finished metal products by forging, or pressing, or casting and rolling - the manufacture of furniture for all purposes of plastics.

The financial statements presented include the accounts of the Company and its branches:

Branch Name	CR No.	City
Branch Sadr Logistics Company	1010947309	Riyadh
Branch Sadr Logistics Company	2050115434	Dammam
Branch Sadr Logistics Company	1131023051	Buraydah (I)
Branch Sadr Logistics Company	1131035610	Buraydah (II)
Branch Sadr Logistics Company	1010742525	Riyadh (II)

The purpose of the Riyadh branch is to manufacture wooden containers, including (packing boxes, boxes and shipping containers made of wood), manufacturing wooden pallets, frozen food stores, general stores that include a variety of goods, packing and unloading activities from shipping boxes, managing and renting self-stores. Storage.

The purpose of the Dammam branch is the wholesale sale of all kinds of wood, the wholesale of industrial metal ceilings, doors, windows and metal crafts, the sale of metal, iron and wooden boxes and caravans.

The purpose of the Buraydah branch (I) is the restoration of residential and non-residential buildings, repair and maintenance of sewage stations and projects, sewage networks and pumps, construction and repair of sewage stations and projects, sewage networks and pumps, finishing buildings, building maintenance services activities.

The purpose of Buraydah branch (II) is slicing and cutting wood, making wooden containers, which includes (packing boxes, boxes and shipping containers made of wood).

The purpose of the Riyadh branch (2) is to manage and rent self-storage warehouses, install and maintain shelving and storage systems, and operate storage facilities for all types of goods except for foodstuffs, and freight shipping and dispersal of goods in general.

On 4 Dhul Qi'dah 1441H, corresponding to 25 June 2020. The Extraordinary General Assembly approved the Board of Directors’ recommendation to increase the Company's capital by granting bonus shares to shareholders from 15 million Saudi riyals to 25 million Saudi riyals by transferring an amount of 10 million Saudi riyals from the share premium, and the remaining amount was 4,478,469 SR transferred to it Retained earnings.

On 12 Rabi` al-Awwal 1442H corresponding to 29 October 2020, the extraordinary general assembly agreed to amend the second article of the Article of Association related to the name of the Company to Sadr Logistics Company instead of the Al-Samaani for Metal Industries Company, in addition to amending and adding some articles in the Company's Articles of Association.

SADR LOGISTICS COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2021
(Saudi Riyals)

2. BASIS OF PREPARATION

2-1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and must be read in conjunction with the financial statements for the year ended on December 31, 2020. As it does not include all the information required to prepare a complete set of financial statements, however, the accounting policies and explanatory notes are mentioned to explain the important transactions to understand the changes in the company's financial position and its performance since the last financial statements of the Company.

The results for the nine-month period ended September 30, 2021 are not necessarily indicative of the results that can be expected for the financial year ended on December 31, 2021.

The company did not issue an interim condensed financial statements for the period ended on September 31, 2020, in line with the CMA circular, which allowed companies listed on the parallel market (NOMW) to issue semi-annual interim condensed financial statements, and the company issued interim condensed financial statements for the period ended in 30 June 2020, with the start of trading the company's shares in the main market, the Company started issuing quarterly financial statements. Accordingly, the comparative figures presented in the attached interim condensed financial statements for the period ended on September 30, 2020 except the interim condensed statement of financial position are prepared by the Company's management and no approved interim statements were issued therein.

2-2 Basis of measurement

The interim condensed financial statements have been prepared on a historical cost basis except for recognition of defined benefit obligations at the present value of future liabilities using the projected unit credit method.

2-3 Use of judgments and estimates

The preparation of these interim condensed statements requires management to use judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

The significant estimates made by management when applying the Company's accounting policies and the significant sources of estimation uncertainties were the same as those shown in the last annual financial statements.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These interim condensed financial statements have been presented in Saudi Riyals (SR) which is the Company's functional and presentation currency. All amounts have been rounded to the nearest SR unless otherwise mentioned.

4. SIGNIFICANT ACCOUNTING POLICIES

Certain comparative figures have been reclassified to conform to the current period's presentation. The accounting policies used in preparing the interim condensed financial statements are consistent with the policies followed in preparing the annual financial statements of the Company for the year ended December 31, 2020.

4-1 New accountant policies applied during the period

The Company as a lessor

The Company enters into lease agreements as a lessor with respect to some of its investment properties. The Company also rents equipment to retailers necessary for the presentation and customer fitting and testing of footwear and equipment manufactured by the Company.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4-1 New accountant policies applied during the period (continued)

The Company as a lessor (continued)

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. 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 lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Company regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognizing an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortized cost (i.e. after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

4-2 New standards, amendments on standards and interpretation

There are no new standards that have been issued, however, a number of amendments to the standards are effective from January 1, 2021 but they do not have a material impact on the interim condensed financial statements of the Company.

5. RIGHT-OF-USE ASSETS

5-1 Right-of- use Assets

	30 September 2021 (unaudited)	31 December 2020 (audited)
Balance at 1 January	24,965,507	947,448
Additions during the period / year	-	24,018,059
Balance	24,965,507	24,965,507
<u>Accumulated Depreciation</u>		
Balance at 1 January	(3,070,986)	(190,992)
Depreciation charged to the period / year	(6,125,814)	(2,879,994)
Balance	(9,196,800)	(3,070,986)
Net Book Value	15,768,707	21,894,521

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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5. RIGHT-OF-USE ASEETS (CONTINUED)

5-2 Lease Liabilities

	30 September 2021 (unaudited)	31 December 2020 (audited)
Balance at 1 January	22,344,737	711,086
Additions during the period / year (note 6)	8,057,933	24,018,059
Charged during the period / year (note 15)	783,910	420,241
Less: Lease payments during the period / year	(10,029,649)	(2,786,768)
Less: Adjusted profit	-	(17,881)
Balance	21,156,931	22,344,737
Lease liabilities – non-current portion	10,335,784	14,500,438
Lease liabilities – current portion	10,821,147	7,844,299
	21,156,931	22,344,737

The additions to the lease liabilities are represented in renting a warehouse from the Arab Investment Stores Company, at a value of 8.1 million Saudi riyals, for a period of three years, starting from 20/7/2021 to 19/7/2024, which was sub-leased from the Arab Investment Company to the Supreme Food Company. Ltd. with a value of 14 million Saudi riyals for a period of three years, starting from 21/7/2021 and ended on 20/7/2024.

5-3 Amounts recognized in the statement of profit of loss and other comprehensive income

The statement of profit of loss and other comprehensive income shows the following amounts related to lease liabilities:

	30 September 2020 (unaudited)	31 December 2020 (audited)
Interest of lease liabilities	783,910	420,241
Depreciation cost of right of use assets	6,125,814	2,879,994

5-4 Extension and termination option

Extension and termination options are included in a number of properties, plant and equipment rentals throughout the Company. These terms are used to increase operational flexibility in terms of contract administration. The majority of the existing extension and termination options can only be exercised by the Company and not by the relevant lessor.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2021
(Saudi Riyals)

6. NET INVESTMENT IN FINANCE LEASE

	30 September 2020 (unaudited)	31 December 2020 (audited)
Net book value at the beginning of the year	-	-
Additions during the year	13,591,658	-
Lease payments received	(404,814)	-
Transferred from net investment in the financing lease to trade receivables and prepayments and other receivables	(809,628)	-
Finance income (Note 15)	8,052	-
	12,385,268	-
Less: Allowance for impairment	(2,252,590)	-
	10,132,678	-
Net investment in finance lease - Current portion	4,706,908	-
Net investment in finance lease - non-Current portion	5,425,770	-
	10,132,678	-
	30 September 2020 (unaudited)	31 December 2020 (audited)
Fair value of the net investment in a contract at the date of Sub-lease	13,591,658	-
The fair value of the lease on the date of right-of-use asset (note 5)	(8,057,933)	-
Sub-lease profit (note 12)	5,533,725	-

As at 30 September 2021	Gross investment (Undiscounted)	Unearned finance cost	Net investment (Discounted)
Future lease payments contractual cash flows			
Year 1	4,857,768	150,861	4,706,907
Year 2	4,857,768	335,120	4,522,648
Year 3	3,508,388	352,676	3,155,712
	13,223,924	838,657	12,385,267

Main contract:

- The company (the lessee) leased a warehouse from the Arab Investment Stores Company (the lessor) at a value of 8.5 million Saudi riyals for a period of three years, starting from 20/7/2021 to 19/7/2024, provided that the store is returned at the end of the lease period. The lessee has the right to rent the rental unit to others.

Subcontract:

- On 7/21/2021, the company (the lessor) leased the warehouse of the Arab Investments warehouses to the Supreme Food Company. Ltd. (the lessee) for a value of 14 million Saudi riyals for a period of three years and ended on 20/7/2024, provided that the warehouse is returned at the end of the period to the lessor. The lessee has the right to lease the rental unit to others, provided that it is one of the companies owned by the lessee.

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7. TRADE RECEIVABLE, PREPAYMENTS AND OTHER RECEIVABLE, NET

	30 September 2021 (unaudited)	31 December 2020 (audited)
Trade receivables	19,909,512	15,394,316
Advanced to suppliers	4,354,810	330,127
Expenses for rights issues (note 22)	1,185,451	-
Employee's loan (*) (note 10)	469,897	383,904
Prepaid rent	403,704	59,983
Prepayments	263,172	154,669
Prepaid subscriptions	231,350	47,180
Project under process	153,000	-
Securing letters of guarantee	68,725	237,367
Accrued revenue	-	2,114,899
	27,039,621	18,722,445
Less:		
Provision for Impairment of trade receivables	(2,637,953)	(2,169,403)
	24,401,668	16,553,042

(*) The Employee's loan include some advance that belong to members of the executive management.

7-1 Provision movement for the period / year ended:

	30 September 2021 (unaudited)	31 December 2020 (audited)
Balance at the beginning year	2,169,403	1,672,456
Charged during the period / year	468,550	542,258
Used during the period / year	-	(45,311)
Balance at the end the period / year	2,637,953	2,169,403

8. INVESTMENTS CARRIED AT FVTPL

	30 September 2021 (unaudited)	31 December 2020 (audited)
<u>Cost</u>		
Balance at the beginning of the year	5,587,546	10,672,661
Disposals during period / year	(5,630,623)	(5,500,000)
Investment's gain	43,077	414,885
Balance at the end of period / year	-	5,587,546

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9. SHORT TERM LOANS

The Company has a bank facility agreement with:

- 1- Alinma Bank Sharia compliant through a small & medium Enterprises loan guarantee program, consisting of loans, Murabaha, credit facilities, documentary credits and Murabaha and forward selling for fixed-term period with maximum of ten million SR, for the purpose of financing the company's working capital requirements as well as financing raw materials and equipment related to the company's activities and its projects, these facilities are charged with financing expenses in accordance with the relevant agreement at an interest rate of 4% fixed annually. The balance due on September 30, 2021 amounted to 5,386,489 Saudi riyals (2020: Nil Saudi riyals).

Under this agreement, the Company provided guarantees to cover the entire value of the financing, represented in promissory notes amounting to 10 million Saudi riyals. In addition to the guarantee of small & medium entities loan guarantee program with a value of 9.5 million Saudi riyals.

- 2- Arab Bank, which is compliant with Islamic Sharia for a fixed term with a maximum of five million Saudi riyals for the purpose of purchasing goods. These facilities are charged with financing expenses in accordance with the relevant agreement at an interest rate of 4% fixed annually. The balance due on September 30, 2021 amounted to 4,921,115 Saudi riyals (2020: Nil Saudi riyals).

The movement of loans during the period is:

<u>Cost:</u>	30 September 2021 (unaudited)	31 December 2020 (audited)
Balance at the beginning of the year	-	-
Additions during the period / year	10,807,803	-
Finance cost (note 15)	73,394	-
Paid during the period / year	(660,000)	-
Balance at the end year	10,221,197	-

10. TRANSACTIONS AND BALANCES WITH RELATED PARTY

The transactions with related parties represent salaries, remunerations and allowances of members of the Board of Directors, committees and executive management that took place during the period between the company and members of the board of directors, members of committees and executive management.

The most significant transactions with related parties in the interim statement of profit or loss and other comprehensive income are as follows:

	30 September 2021 (unaudited)		30 September 2020 (unaudited)	
	BOD and committees' members	Executive management	BOD and committees' members	Executive management
BOD members and committees' remuneration	420,340	-	283,418	-
BOD attendance allowance and committees'	117,000	-	27,000	-
Salaries and wages and equivalents	-	1,664,105	-	753,726
	537,340	1,664,105	310,418	753,726

The balance of remuneration for Board members and committees due as of September 30, 2021 amounted to SR 367,007 (31 December 2020: SR 385,918).

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11. ZAKAT PROVISION

11-1 Zakat status:

The Company submitted its zakat returns to the Zakat, Tax and Customs Authority until the year ended on December 31, 2020, the last certificate obtained by the company is valid until the date of Ramadan 29 1443H corresponding to April 30, 2022. With regard to the final assessment, the last zakat assessment was for the year 2018, and the zakat examination is currently underway for the years 2019-2020. With regard to the tax examination for value added tax, the examination is underway for the year 2020, and the assessment has previously been made for the years 2018-2019.

11-2 Zakat movement

	30 September 2021 (unaudited)	31 December 2020 (audited)
Balance at the beginning of the period / year	1,040,561	814,573
Charged for the period / year	628,936	838,582
Zakat adjustment	-	(1,833)
Payment during the period / year	(906,559)	(610,761)
Balance at the end of the period / year	762,938	1,040,561

12. REVENUE

	30 September 2021 (unaudited)	30 September 2020 (unaudited)
Project revenue	30,621,372	19,000,619
Commercial revenue	15,834,317	13,700,840
Sub-leasing income (note 6) *	5,533,725	-
	51,989,414	32,701,459

*The revenue is generated from the net investment in the contract of the Supreme Food Company Ltd., which is a finance lease contract for a period of three years. The income from the net investment in the contract has been fully recognized during the current period.

13. SELLING AND MARKETING EXPENSES

	30 September 2021 (unaudited)	30 September 2020 (unaudited)
Salaries, wages and equivalents	2,522,330	1,891,942
Transfer, export and installations	997,070	905,726
Selling and marketing commissions	534,275	426,664
Rent	330,498	227,151
Selling accessories	272,133	288,847
Maintenance and cleaning	108,831	192,666
Depreciation and amortization	103,073	187,710
Government fees	60,559	174,401
Medical insurance and medicine	54,837	30,527
Deprecation of leased assets	33,588	33,930
Electricity, water, communication	37,451	26,411
Advertising	26,556	10,025
Others	182,411	61,614
	5,263,612	4,457,614

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14. GENERAL AND ADMINISTRATIVE EXPENSES

	30 September 2021 (unaudited)	30 September 2020 (unaudited)
Salaries, wages and equivalents	3,660,503	2,169,796
Government fees, subscriptions and Tadawul	302,670	266,918
Professional and consultation fees	148,239	198,725
Deprecation of leased assets	143,121	126,349
Depreciation and amortization	105,874	110,812
Medical insurance and medicine	76,971	34,314
Rent	65,720	30,847
Electricity, water and communication	55,617	37,226
Maintenance and cleaning	45,587	37,769
Government fees	38,662	44,570
Transportation and Transfer and missions	26,972	14,342
Materials, supplies and stationery	3,102	6,717
Others	137,738	131,506
	4,810,776	3,209,891

15. FINANCING COST

	30 September 2021 (unaudited)	30 September 2020 (unaudited)
Benefits of lease liabilities (5-2)	783,910	131,427
Finance cost	73,394	-
Interest income (note 6)	(8,052)	-
	849,252	131,427

16. DIVIDENDS

- During the second quarter of 2021, and in accordance with the recommendation of the Board of Directors, the company distributed dividends amounting to 1,250,000 Saudi riyals at 0.50 Saudi riyals per share (2020: 750,000 Saudi riyals at 0.50 Saudi riyals per share). Which is equivalent to 5% of the nominal value of the share. The Ordinary General Assembly approved the proposed dividends in its session held on 15 Ramadan 1442 AH corresponding to 4 April 2021.
- During the year 2020, according to the recommendation of the Board of Directors, the company distributed dividends amounting to 750,000 Saudi riyals at 0.50 Saudi riyals per share (2019: 2,250,000 Saudi riyals at 1.50 SR per share). Which is equivalent to 5% of the nominal value of the share. The Ordinary General Assembly approved the proposed dividends in its session held on Dhu al-Qa'dah 4, 1441H corresponding to September 25, 2020.

17. PROFIT PER SHARE

The basic and diluted share is calculated from profit divided by profit of the period attributed to Company's shareholders on weighted average on outstanding ordinary shares at the end of the year amounting to 2,500,000 shares (30 September 2020: 2,500,000 shares).

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18. SEGMENT REPORTING

The Company's activity is represented in the main segment, which are the steel segment, the wooden segment forklift logistics and other segments, which are represented in storage equipment, plastics and other services. Information related to the operating segments shown below is that which is regularly submitted to the company's operating decision makers and the items of revenue, cost of revenue, assets and liabilities are allocated to the segments.

<u>30 September 2021</u> <u>(unaudited)</u>	<u>Steel</u>	<u>Wood</u>	<u>Logistics</u>	<u>Other</u>	<u>Total</u>
Total Assets	30,028,009	12,428,909	37,572,808	2,465,364	82,495,090
Total Liabilities	10,262,434	8,099,918	25,652,927	1,864,822	45,880,101
Revenue	21,661,120	10,219,301	16,220,307	3,888,686	51,989,414
Cost of Revenue	(13,702,207)	(9,008,907)	(8,525,238)	(3,067,759)	(34,304,111)
Gross profit	7,958,913	1,210,394	7,695,069	820,927	17,685,303
Net income for the period	1,519,072	138,087	1,679,819	180,403	3,517,381

<u>31 December 2020</u> <u>(audited)</u>	<u>Steel</u>	<u>Wood</u>	<u>Logistics</u>	<u>Other</u>	<u>Total</u>
Total assets	24,126,823	7,936,809	33,509,084	1,896,149	67,468,865
Total Liabilities	7,949,102	3,312,126	21,528,817	331,212	33,121,257

<u>30 September 2020</u> <u>(unaudited)</u>	<u>Steel</u>	<u>Wood</u>	<u>Logistics</u>	<u>Other</u>	<u>Total</u>
Revenue	20,561,937	6,932,211	1,704,106	3,503,205	32,701,459
Cost of Revenue	(12,990,829)	(5,686,479)	(1,315,947)	(2,933,167)	(22,926,422)
Gross profit	7,571,108	1,245,732	388,159	570,038	9,775,037
Net income for the period	1,413,077	190,204	59,981	109,979	1,773,241

The logistics services segment, which the Company started its investments and operational operations in this segment as of the third quarter of 2020 within the framework of the Company's expansion plan, which aims to diversify the services, products and segments in which the Company operates and provides it to its customers. logistics represented in providing storage services, transportation for others, as the company relates with long - term contract customers.

Due to the nature of the Company's activities and its management structure, it is practically not possible to allocate the items of other assets and liabilities to the various operating segments, as the external sales did not meet any of the quantitative limits referred to in the International Financial Reporting Standard No. (8) "Operating segments" and therefore the disclosure was not made for Geographical segment information.

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19. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The basis for the definition of fair value is the assumption that the company is a going concern and there is no intention or requirement to downsize its operations or undertake a transaction on adverse terms.

A financial instrument is considered listed in an active market if the quoted prices are available regularly from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent market transactions that have taken place between serious parties. When measuring fair value, the company uses observable market data to the extent possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities that could be accessed at the measurement date.

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

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

The carrying value of the Company's financial instruments is a reasonable approximation of the fair value.

20. CONTINGENCIES AND CAPITAL COMMITMENTS

The value of the capital commitments on September 30, 2021 amounted to 1,822,500 Saudi riyals in exchange for the purchase of plant and equipment (2020: Nil Saudi riyals).

21. SUBSEQUENT EVENTS

There have been no significant subsequent events since the year-ended that would require additional disclosure or adjustment in these financial statements

22. SIGNIFICANT EVENTS

- On January 4, 2021, corresponding to Jumada I 20 1442H, the company announced the recommendation of the Board of Directors, which was held on January 3, 2021, to increase the Company's capital by 150 million SR through a rights issue, in order to enable the company to implement its strategic and operational plans and support the expansion of logistics services. The eligibility will be for the shareholders who own the shares on the day of the extraordinary general assembly. The company later announced the appointment of a financial advisor to Falcom Financial Services Company to manage the subscription to the rights shares in accordance with the decision of the company's Board of Directors on 18-1-2021. On November 2, 2021, the Capital Market Authority issued its approval of Sadr Logistics Company's request to increase its capital by offering rights shares in the amount of 150 million Saudi riyals.
- On October 3, 2021, Sadr Logistics Company announced its purchase by auction on August 3, 2021 of a factory in the second industrial area in Riyadh affiliated with the Saudi Authority for Industrial Cities and Technology Zones, with a value of 4.792 million Saudi riyals to operate the factory in the company's productive segments. The deal was financed through the Company's facilities with the Arab National Bank and was recorded in the projects in progress account under property, plant and equipment.

23. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The Interim Condensed Financial Statements have been approved by the Board of Directors on 5 Rabi al-Thani 1443H (corresponding to 10 September 2021).