

SAUDI INDUSTRIAL EXPORT COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

SAUDI INDUSTRIAL EXPORT COMPANY
(A Saudi Joint Stock Company)
**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) AND INDEPENDENT AUDITOR'S
REVIEW REPORT**
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

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**Independent Auditor's Review Report on the
Interim Condensed Financial Statements**

**To the Shareholders,
Saudi Industrial Export Company
(Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia**

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Saudi Industrial Export Company ('the Company') as of 31 March 2021 and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the interim condensed financial statements, including a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed financial statements in accordance with International Accounting Standards (IAS 34) "Interim Financial Reporting" as 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 Engagements (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 financial information 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.

Basis for Qualified Conclusion

- 1- The Company has not calculated the expected credit losses in accordance with International Financial Reporting Standard No. (9). Accordingly, we were unable to determine whether any adjustments were necessary to trade receivables balance as of 31 March 2021.
- 2- Our audit of the financial statements for the year ended 31 December 2020 indicated that some supporting documents for the purchases amount were incomplete and we were unable to obtain sufficient assurance from other audit procedures, accordingly, we were unable to determine whether any adjustments were necessary to cost of revenues for the year ended 31 December 2020. As a result, we were unable to determine whether any adjustments were necessary to cost of revenues for the three-month period ended 31 March 2020.
- 3- Management has not evaluated the Company's relationship of its contracts with customers as principal or agent in accordance with International Financial Reporting Standard No. (15), and therefore we were unable to determine the appropriateness of the presentation of Company's revenue and cost of revenue for the period ended 31 March 2021.

Material Uncertainty Related to Going Concern

We draw attention to note (4) to the interim condensed financial statements, the interim condensed financial statements have been prepared on the going concern basis. The accumulated losses as 31 March 2021 amounted to SR 40.4 million, which comprises 62% of the share capital (31 December 2020: SR 37.7 million, which comprises 58% of the share capital), and the losses for the three-month period ended 31 March 2021 amounted to SR 2.6 million. Those events, among other matters, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The ability of the Company to continue its operations depends on obtaining finance, profitable contracts and increase the volume of its revenue appropriately. Our conclusion is not modified in respect of this matter.

Prior Period Adjustments

We draw attention to note (15) to the interim condensed financial statements, which describes prior period's adjustments. Consequently, the interim condensed statement of financial position as at 31 March 2020 and the interim condensed statement of profit or loss and other comprehensive income for the three-month period then ended have been restated. Our conclusion is not modified in respect of this matter.

**Independent Auditor's Review Report on the
Interim Condensed Financial Statements (Continued)**

To the Shareholders,
Saudi Industrial Export Company
(Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Other matter

The interim condensed financial statements of the Company for the three-month period ended 31 March 2020 were reviewed by another auditor who expressed an unmodified conclusion on 21 June 2020.

Qualified Conclusion

Based on our review, with the exception of the possible effects of the matters described in the "Basis for Qualified Conclusion" section, 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 as endorsed in the Kingdom of Saudi Arabia.




Baker Tilly MKM & Co.
Certified Public Accountants



Majed M. Al Nemer
(License No. 381)
Riyadh on 18 Dhul Qa'dah 1442H
Corresponding to 28 June 2021



SAUDI INDUSTRIAL EXPORT COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021
(SAUDI RIYALS)

	Note	31 March 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment:		3,651,385	3,770,696
Intangible assets		91,938	78,206
Right of use assets		889,136	939,890
		<u>4,632,459</u>	<u>4,788,792</u>
Current assets			
Inventories	6	4,767,456	3,452,090
Other debit balances	7	5,579,720	7,594,828
Trade receivables		15,208,427	15,640,435
Cash and cash equivalents	8	5,945,935	8,484,030
		<u>31,501,538</u>	<u>35,171,383</u>
Assets from discontinued operations	9	929,491	-
TOTAL ASSETS		<u>37,063,488</u>	<u>39,960,175</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		64,800,000	64,800,000
Statutory reserve		642,645	642,645
Accumulated losses		(40,350,499)	(37,766,336)
TOTAL EQUITY		<u>25,092,146</u>	<u>27,736,309</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities – non-current portion		737,859	720,574
Employees’ end of service benefits		375,061	335,330
		<u>1,112,920</u>	<u>1,055,904</u>
Current liabilities			
Lease liabilities – current portion		323,508	321,898
Trade payables		3,686,516	1,054,066
Accrued expenses and other credit balances	10	3,656,818	5,897,354
Due to shareholders		2,808,798	2,808,798
Zakat provision	12	382,782	1,035,846
		<u>10,858,422</u>	<u>11,167,962</u>
TOTAL LIABILITIES		<u>11,971,342</u>	<u>12,223,866</u>
TOTAL EQUITY AND LIABILITIES		<u>37,063,488</u>	<u>39,960,175</u>
			
Chairman of Board of Directors Hatem AlSuhaibani	CEO Sulaiman Al Jedaie	CFO Ahmed Talat	

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

SAUDI INDUSTRIAL EXPORT COMPANY


(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)


FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

(SAUDI RIYALS)


	Note	For the three-month period ended 31 March	
		2021	2020 (Restated)
Continuing operations			
Revenue		7,898,869	11,336,079
Cost of revenue		<u>(7,592,650)</u>	<u>(11,080,756)</u>
Gross profit		306,219	255,323
General and administrative expenses		<u>(2,614,475)</u>	<u>(1,514,321)</u>
Operating loss		(2,308,256)	(1,258,998)
Finance cost		(18,895)	(15,126)
Other income		<u>13,320</u>	<u>1,517,324</u>
(Loss)/ profit before Zakat		(2,313,831)	243,200
Zakat expense	12	<u>(300,000)</u>	-
(Loss)/ profit from continuing operations		(2,613,831)	243,200
Discontinued operations			
Loss from discontinued operations		<u>(30,332)</u>	<u>(25,133)</u>
Net (loss)/ profit for the period		(2,644,163)	218,067
Other comprehensive income		-	-
Total comprehensive (loss)/ profit for the period		(2,644,163)	218,067
Basic & diluted (loss)/ profit per share	11	(0.41)	0.03



Chairman of Board of Directors
Hatem AlSuhaibani



CEO
Sulaiman Al Jedaie



CFO
Ahmed Talat

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

SAUDI INDUSTRIAL EXPORT COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021
(SAUDI RIYALS)

	Share capital	Statutory Reserve	Accumulated losses	Total
Balance as at 1 January 2020	64,800,000	642,645	(24,586,320)	40,856,325
Adjustments on opening retained earnings	-	-	(545,696)	(545,696)
Net profit for the period	-	-	218,067	218,067
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	218,067	218,067
Balance as at 31 March 2020 (re-stated)	<u>64,800,000</u>	<u>642,645</u>	<u>(24,913,949)</u>	<u>40,528,696</u>
Balance as at 1 January 2021	64,800,000	642,645	(37,706,336)	27,736,309
Net loss for the period	-	-	(2,644,163)	(2,644,163)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(2,644,163)	(2,644,163)
Balance as at 31 March 2021	<u>64,800,000</u>	<u>642,645</u>	<u>(40,350,499)</u>	<u>25,092,146</u>



Chairman of Board of Directors
Hatem AlSubhaibani



CEO
Sulaiman Al Jedaie




CFO
Ahmed Talat


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

SAUDI INDUSTRIAL EXPORT COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021
(SAUDI RIYALS)


	<u>31 March 2021</u>	<u>31 March 2020</u>
Cash flows from operating activities		
(Loss)/ profit before Zakat	(2,313,831)	243,200
Loss from discontinued operations	(30,332)	(25,133)
	<u>(2,344,163)</u>	<u>218,067</u>
Adjustments for:		
Depreciation on property, plant and equipment	120,813	93,846
Depreciation on right of use assets	50,754	51,079
Provision for slow moving inventories	307,439	-
Employees' end of service benefits expense	39,731	-
Finance cost	18,895	15,126
	<u>(1,806,531)</u>	<u>378,118</u>
Working capital changes:		
Trade receivables	432,008	(10,440,303)
Inventories	(1,622,805)	(1,258,442)
Other debit balances	1,118,751	(1,715,762)
Trade payables	2,632,450	2,008,009
Accrued expenses and other credit balances	(2,240,536)	(586,989)
Cash used in operating activities	<u>(1,486,663)</u>	<u>(11,615,369)</u>
Employees' end of service benefits paid	-	(106,236)
Zakat paid	(1,003,064)	-
Net cash flows used in operating activities	<u>(2,489,727)</u>	<u>(11,721,605)</u>
Cash flows from investing activities		
Additions to property, plant and equipment	(20,725)	(269,018)
Additions to intangible assets	(13,732)	-
Net cash flows used in investing activities	<u>(34,457)</u>	<u>(269,018)</u>
Cash flows from financing activities		
Lease liabilities paid	-	(47,848)
Net cash flows used in financing activities	<u>-</u>	<u>(47,848)</u>
Net change in cash and cash equivalents during the period	<u>(2,524,184)</u>	<u>(12,038,471)</u>
Cash and cash equivalents at beginning of the period	8,484,030	19,625,489
Cash and cash equivalents at end of the year period (Note 8)	<u>5,959,846</u>	<u>7,587,018</u>
<u>Non-cash transactions</u>		
Transfer to assets from discontinued operations	<u>915,580</u>	<u>-</u>



Chairman of Board of Directors
Hatem AlSuhaibani



CEO
Sulaiman Al Jedaie



CFO
Ahmed Talat

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

SAUDI INDUSTRIAL EXPORT COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

(SAUDI RIYALS)

1. STATUS AND NATURE OF BUSINESS

Saudi Industrial Export Company is a Saudi Joint Stock Company (the "Company"), it was established according to the resolution of his Excellency, Minister of Commerce, No. 954 on 12 Dhu al-Qidah 1410H. (5 June 1990), registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010077554 issued in Riyadh on 25 Dhu al-Qidah 1410H. (18 June 1990). The Company's fully paid share capital at the date of the interim condensed financial statements is SR 64,8 million, consisting of 6,480,000 share of SR 10 each.

The Company's main activity is engaged in the trading of crude oil, minerals and industrial chemical products including those fertilizers, wholesale of lubricants and refined petroleum products, wholesale of cement and plaster and the like, wholesale of primary plastic materials, rubber and synthetic fibers, retail sale of plants, seeds and fertilizers (nurseries), Storage in ports and customs or free zones.

The Company's head office is located in Riyadh, P.O. Box 21977 Riyadh 11485.

The interim condensed financial statements include the assets and liabilities of the Company and its branch:

<u>Branch Name</u>	<u>City</u>	<u>Registration number</u>	<u>Registration date</u>
Sara Medical Supplies Factory	Riyadh	1010143870	30/06/1417 H

2. STATEMENT OF COMPLIANCE WITH IFRS

These interim condensed financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS 34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered Professional Accountants and should be read in conjunction with the Company's annual reissued consolidated financial statements for the year ended December 31, 2020. These interim condensed financial statements do not include all the information and disclosures required in a full set of financial statements prepared in accordance with International Financial Reporting Standards. Specific accounting policies and explanatory disclosures have been included in order to explain the significant events and transactions behind the changes in the Company's financial position and financial performance since the preparation of the prior year reissued consolidated financial statements.

The interim period is considered to be an integral part of the full fiscal year; still, the results of operations for the interim periods may not be a fair indication of the results for the full-year operations.

3. BASIS OF PREPARATION

3.1 Overall considerations

These interim condensed financial statements have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income, and expense. The measurement bases are further fully described in the accounting policies.

The principal accounting policies adopted in the preparation of these interim condensed financial statements have been consistently applied to all the years presented unless otherwise stated.

The comparative numbers are consolidated and include the financial statements of the Company and Saudi Industrial Export Company – Jordan (Subsidiary). On 7 March 2021, the Company's Board of Directors resolved to liquidated and close the subsidiary in Jordan due to the weak financial performance of the subsidiary and to reduce the general and administrative expenses. Based on this, no consolidated financial statements have been prepared for the current period (Note 9).

The preparation of these interim condensed financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Company management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing these interim condensed financial statements and their effect are disclosed in note (4).

SAUDI INDUSTRIAL EXPORT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021
(SAUDI RIYALS)

3. BASIS OF PREPARATION (CONTINUED)

3.1 Overall considerations (Continued)

These interim condensed financial statements have been prepared on the historical cost basis, except for the following:

- Trade receivables at amortized cost.
- Defined benefits plan measured at the present value of future obligations using the Projected Unit Credit Method.

Furthermore, these interim condensed financial statements are prepared using the accrual basis of accounting and the going concern basis.

3.2 Functional and presentation currency

The interim condensed financial statements are presented in Saudi Riyal, which is the Company's functional and presentation currency.

4. USE OF JUDGEMENT AND ESTIMATES

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, experience may differ from these estimates and assumptions.

The significant estimates made by the Company for managing the Company's accounting policies and the primary sources of estimating the unreliability the same in the last annual financial statements.

Going concern basis of accounting

The interim condensed financial statements have been prepared on the going concern basis, which assumes that the Company will continue its activities for the foreseeable future. The Company's accumulate losses as 31 March 2021 amounted to SR 40,350,499, which comprises 62% of the share capital (31 December 2020: SR 37,706,336, which comprises 58% of the share capital), and the losses for the three-month period ended 31 March 2021 amounted to SR 2,644,163. The ability of the Company to continue its operations depends on obtaining finance, profitable contracts and increase the volume of its revenue appropriately.

The Company is working on expanding the business model by entering into operations that complement the Company's activity according to the articles of association to include storage operations in regional and international free zones, in addition to entering into import operations of raw materials and expanding transfers for the Company's account and the account of others. In addition, the Company's management is working towards trading in high profit margin items such as foodstuffs. The Company also announced the approval of the Board of Directors to close the Saudi Industrial Exports Company in the Hashemite Kingdom of Jordan in order to reduce general and administrative expenses, and it also worked to increase the Company's share capital by submitting an application to the Capital Market Authority.

However, as described above, the management reasonably expect that the Company can continue its activities for the foreseeable future.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and calculation methods applied in preparing the interim condensed financial statements are consistent with those followed in preparing the Company's annual reissued consolidated financial statements for the year ended 31 December 2020, except for the application of the new standards that became effective on January 1, 2021. The Company did not early adopt any other standard, interpretation or amendment issued but not yet effective.

New Standards, Amendment to Standards and Interpretations

There are no new standards issued; however, there are number of amendments to standards which are effective from January 1, 2021 and have been explained in Company's annual reissued consolidated financial statements, but they do not have a material effect on the Company's interim condensed financial statements.

SAUDI INDUSTRIAL EXPORT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021
(SAUDI RIYALS)

6. INVENTORIES

	31 March 2021	31 December 2020
Goods in transit	2,176,197	19,682
Sara storage	1,277,212	1,277,212
Granular sulfur	1,283,685	1,308,884
Crude sulfur	313,725	313,725
Foodstuffs	14,487	453,917
Polymer	9,589	78,670
	5,074,895	3,452,090
Provision for slow moving inventories	(307,439)	-
	4,767,456	3,452,090

7. OTHER DEBIT BALANCES

	31 March 2021	31 December 2020
Cash margins	3,908,497	3,908,497
Advances to suppliers	734,078	2,949,363
VAT receivables	592,100	323,503
Prepaid expenses	209,250	206,565
Due from employees	121,555	192,660
Others	14,240	14,240
	5,579,720	7,594,828

8. CASH AND CASH EQUIVALENTS

	31 March 2021	31 December 2020
Cash at bank	5,945,282	8,470,089
Cash on hand	653	13,941
	5,945,935	8,484,030

For the purposes of preparing the interim condensed statement of cash flows, total cash and cash equivalents consist of the following:

	31 March 2021	31 December 2020
Cash and cash equivalents	5,945,935	8,484,030
Cash and cash equivalents from discontinued operations (Note 9)	13,911	-
	5,959,846	8,484,030

SAUDI INDUSTRIAL EXPORT COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021***(SAUDI RIYALS)***9. DISCONTINUED OPERATIONS**

As disclosed in Note 3.1, the Company's Board of Directors resolved, on 7 March 2021, to liquidate and close Saudi Industrial Export Company – Jordan, (Subsidiary). Accordingly, the Company has not reflected this Subsidiary in its interim condensed financial statements and classified it as discontinued operations. The results of the operations of the Subsidiary for the current and previous period have been presented in the interim condensed statement of profit or loss and other comprehensive income as follows:

	<u>31 March 2021</u>	<u>31 March 2020</u>
General and administrative expenses	(30,332)	(25,133)
Operating loss	(30,332)	(25,133)
Net loss for the period from discontinued operations	(30,332)	(25,133)
Basic & diluted loss per share	(0.005)	(0.004)

As at 31 March 2021, the net assets of Saudi Industrial Export Company – Jordan comprised the following:

	<u>31 March 2021</u>
Property, plant and equipment	19,223
Total non-current assets	19,223
Other debit balances	896,357
Cash and cash equivalents	13,911
Total current assets	910,268
Assets from discontinued operations	929,491

During the current period, there was no impairment in the carrying value of the assets directly related to the discontinued operations.

There are no cash flows for Saudi Industrial Export Company – Jordan for the three-month period ended 31 March 2020 and 2021.

10. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	<u>31 March 2021</u>	<u>31 December 2020</u>
Advances received from customers	1,679,778	4,001,762
Accrued expenses	1,977,040	1,895,592
	3,656,818	5,897,354

11. BASIC & DILUTED LOSS PER SHARE

	<u>31 March 2021</u>	<u>31 March 2020</u>
Net (loss)/ profit for the period	(2,644,163)	218,067
Weighted average number of ordinary shares	6,480,000	6,480,000
	(0.41)	0.03

Basic loss per share has been calculated by dividing the loss attributable to the shareholders of the Company over the weighted average number of outstanding ordinary shares during the period.

SAUDI INDUSTRIAL EXPORT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
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(SAUDI RIYALS)

12. ZAKAT

	31 March 2021	31 December 2020
Opening balance for the period/ year	1,085,846	1,210,736
Deficiency from previous years	-	1,551,149
Charged during the period/ year	300,000	900,000
Paid during the period/ year	(1,003,064)	(2,576,039)
Ending balance for the period/ year	382,782	1,085,846

Zakat status

The Company has filed its Zakat returns with General Authority for Zakat and Tax and obtained Zakat certificates up to year 2019. The Company received letters of amendment of the Zakat returns from General Authority for Zakat and Tax for the years from 2014 to 2018. The value of Zakat variances amounted to SR 3.5 million, the General Authority for Zakat and Tax agreed on the Company's objection at an amount of SR 0.7 million, the Company paid an amount of SR 1.6 million, which was recorded as an expense in the previous year. The Company submitted an objection request for the remaining variance to the General Secretariat of the Tax Committees.

Tax status

The Company received letters of amendment of the value-added tax returns from the General Authority for Zakat and Tax for periods during the years 2018 and 2019, The value of VAT variances and its fines is approximately amounted to SR 18.8 million. The Company submitted an objection request to the General Secretariat of the Tax Committees.

The Company's management believes that the outcome of the objections will be in its favour with regard to the above variances.

13. SEGMENT INFORMATION

A segment is a separate and distinct part of the Company that engages in business activities from which it may earn revenues and incur expenses. The operating segments are disclosed on the basis of internal reports that are reviewed by the chief operating decision-maker, who is the person responsible for allocating resources, assessing performance and making strategic decisions about the operating segments. The operating sectors that show similar economic characteristics, products, services, and similar customer categories, whenever possible, are grouped and recorded as segments that are reported in accordance with International Financial Reporting Standard (8) "Operating Segments".

Basis of division

For administrative purposes, the Company arranges its business through business units on the basis of segments. The following are the segments activities:

- 1- Export from inside and outside the Kingdom, most of the Company's export operations are carried out from the Kingdom of Saudi Arabia to the Middle East, Asia and Africa.
- 2- Production and sale of medical supplies.
- 3- Importing cement from the Kingdom of Saudi Arabia and opening new markets in Jordan for sale.

The business segments have been identified on the basis of internal reports that are presented to the finance manager regularly to upload resources to the segments and evaluate their performance "management approach". The management approach depends on the way in which management organizes business segments within the Company in order to make operational decisions and evaluate performance. At the end of each financial period, management actively reviews the segments for both the quantities and the characteristics of the revenues and expenses presentation in those segments.

SAUDI INDUSTRIAL EXPORT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021
(SAUDI RIYALS)

13. SEGMENT INFORMATION (CONTINUED)

Below is a summary of some selected financial information according to the above-mentioned operating segments:

	31 March 2021	
	Saudi Industrial Export Company	Sara Factory
Statement of financial position		
Property, plant and equipment	905,282	2,746,103
Current assets	29,962,630	1,538,908
Total current liabilities	10,738,759	119,663
31 December 2020		
Saudi Industrial Export		
	Company	Sara Factory
Property, plant and equipment	947,748	2,801,066
Current assets	32,719,761	1,537,585
Total current liabilities	11,010,984	156,978
For the three-month period ended 31 March 2021		
Saudi Industrial Export		
	Company	Sara Factory
Revenue	7,898,869	-
Depreciation	102,411	66,496
Net loss from continuing operations	(2,420,428)	(193,403)
For the three-month period ended 31 March 2020		
Saudi Industrial Export		
	Company	Sara Factory
Revenue	11,336,079	-
Depreciation	67,830	74,460
Net profit/ (loss) from continuing operations	376,573	(133,373)

Saudi Industrial Export Company – Jordan information has been excluded from the segment information as it has not engaged in commercial activities and is under liquidation. Note (9).

14. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Market price risk
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the interim condensed financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies, and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Cash and cash equivalents
- Trade receivables
- Trade payables
- Lease liabilities

SAUDI INDUSTRIAL EXPORT COMPANY
(A Saudi Joint Stock Company)
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(SAUDI RIYALS)

14. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (CONTINUED)

Fair value and fair value hierarchy

The Company measures financial instruments at fair value at each statement of financial position date.

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

At each reporting date, the Company analyses the movements in the values of assets and liabilities, which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing with the information in the valuation computation to contracts and other relevant documents. The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade receivables, trade payables and lease liabilities.

Due to their short-term nature, the carrying value of these financial instruments approximates their fair value.

Financial instrument by category

	31 March 2021	31 December 2020
Financial assets		
<i>Amortized cost</i>		
Cash and cash equivalents	5,945,935	8,484,030
Trade receivables	15,208,427	15,640,435
	21,154,362	24,124,465
Financial liabilities		
<i>Amortized cost</i>		
Trade payables	3,686,516	1,054,066
Lease liabilities	1,061,367	1,042,472
	4,747,883	2,096,538

Credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss and arises principally from cash and cash equivalent and trade receivable.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, as summarized below:

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14. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

	31 March 2021	31 December 2020
Cash and cash equivalents	5,945,935	8,484,030
Trade receivables	15,208,427	15,640,435
	21,154,362	24,124,465

The carrying amount of financial assets represents the maximum credit risk exposure.

Credit risk on cash and cash equivalents and trade receivables is limited as:

- Cash balances are held with banks with sound credit ratings.
- Trade receivables are shown net of allowance for impairment of trade receivables.

The Company manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis.

Market risk

Market risk arises from the Company's use of interest-bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commission rates (commission rate risk) or other market factors (other price risks).

Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Up to one year	More than one year, up to five years	More than five years	Total
31 March 2021				
Financial liabilities				
Trade payables	3,686,516	-	-	3,686,516
Lease liabilities	323,508	359,032	378,827	1,061,367
	4,010,024	359,032	378,827	4,747,883
31 December 2020				
Financial liabilities				
Trade payables	1,054,066	-	-	1,054,066
Lease liabilities	321,898	348,239	372,335	1,042,472
	1,375,964	348,239	372,335	2,096,538

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15. PRIOR PERIOD ADJUSTMENTS

The Company has restated its interim condensed financial statements for the comparative period as follows:

Summary of adjustments on interim condensed statement of financial position as at 31 March 2020:

	Note	31 March 2020 (Unaudited)	Reclassification	Remeasurement	31 March 2020 (Unaudited, Restated)
ASSETS					
Non-current assets					
Property, plant and equipment	A	3,239,093	-	213,181	3,452,274
Right of use assets	A	658,990	-	436,217	1,095,207
Investments at fair value through profit or loss - FVTPL		6,559,654	-	-	6,559,654
		10,457,737	-	649,398	11,107,135
Current assets					
Inventories	D	3,523,275	-	381,122	3,904,397
Other debit balances	A, B, D, F	12,361,553	(498,080)	(696,970)	11,166,503
Trade receivables	C, F	30,543,364	331,586	(12,337,500)	18,537,450
Cash and cash equivalents		7,587,018	-	-	7,587,018
		54,015,210	(166,494)	(12,653,348)	41,195,368
TOTAL ASSETS		64,472,947	(166,494)	(12,003,950)	52,302,503
EQUITY AND LIABILITIES					
EQUITY					
Share capital		64,800,000	-	-	64,800,000
Statutory reserve		642,645	-	-	642,645
Accumulated losses		(11,555,519)	-	(13,358,430)	(24,913,949)
TOTAL EQUITY		53,887,126	-	(13,358,430)	40,528,696
LIABILITIES					
Non-current liabilities					
Lease liabilities – non-current	A	646,446	-	258,541	904,987
Employees' end of service benefits		476,937	-	-	476,937
		1,123,383	-	258,541	1,381,924
Current liabilities					
Lease liabilities – current portion	A	5,907	-	275,290	281,197
Trade payables	C, D, F	4,118,049	235,602	(424,503)	3,929,148
Accrued expenses and other credit balances	B, F	1,318,948	(402,096)	1,245,152	2,162,004
Due to shareholders		2,808,798	-	-	2,808,798
Zakat provision		1,210,736	-	-	1,210,736
		9,462,438	(166,494)	1,095,939	10,391,883
TOTAL LIABILITIES		10,585,821	(166,494)	1,354,480	11,773,807
TOTAL EQUITY AND LIABILITIES		64,472,947	(166,494)	(12,003,950)	52,302,503

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15. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

Summary of adjustments on interim condensed statement of profit or loss and other comprehensive income for three-month period ended 31 March 2020:

	Note	31 March 2020 (Unaudited)	Reclassification	Remeasurement	31 March 2020 (Unaudited, Restated)
Continuing operations					
Revenue		11,336,079	-	-	11,336,079
Cost of revenue	E, F	(10,788,226)	(327,350)	34,820	(11,080,756)
Gross profit		547,853	(327,350)	34,820	255,323
General and administrative expenses	E, F	(1,537,478)	79,420	(56,263)	(1,514,321)
Depreciation	F	(88,661)	88,661	-	-
Operating loss		(1,078,286)	(159,269)	(21,443)	(1,258,998)
Finance cost	E, F	(7,120)	-	(8,006)	(15,126)
Other income	F	1,332,922	184,402	-	1,517,324
Profit before Zakat		247,516	25,133	(29,449)	243,200
Zakat expense		-	-	-	-
Profit from continuing operations		247,516	25,133	(29,449)	243,200
Discontinued operations					
Loss from discontinued operations	F	-	(25,133)	-	(25,133)
Net profit for the period		247,516	-	(29,449)	218,067
Other comprehensive income		-	-	-	-
Total comprehensive profit for the period		247,516	-	(29,449)	218,067
Basic & diluted profit per share		0.038	-	(0.005)	0.033

Notes to the reconciliation of the interim condensed statement of financial position as at 31 March 2020 and interim condensed statement of profit and loss and other comprehensive income for the three-month period ended as 31 March 2020:

- The balance of the property, plant and equipment and right of use assets, lease liabilities and prepaid expenses in respect of the head office lease contract and the vehicles purchased during the first quarter of 2020 through finance lease contract have been adjusted in accordance with the requirements of IFRS No. (16).
- The adjustment relates to the recognition of professional fees expenses and Board of Directors' remunerations for the year ended as 31 December 2019.
- The Company, through the former CEO, agreed on a deal to sell 35,000 tons of crude sulphur according to the purchase order received from the customer. Accordingly, the supplier was contacted, a preliminary invoice was shared for the required quantity, a sales invoice was issued, and revenue was recorded during the month of December 2019. During the fiscal year, a letter was received from the customer dated 1 September 2020 stating that the quantity is still not received and considering the deal cancelled. Accordingly, the revenue and related costs were reversed, in addition to cancelling the customer and supplier accounts. The Audit Committee recommended to the Board of Directors to approve the reversal of the transaction and form a committee to investigate the deal including verifying whether there is manipulation or not and take the necessary

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15. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

action. The Board of Directors formed an Internal Committee, which is independent from Executive Management and implemented the recommendations of the Audit Committee. Also, an external expert party has been appointed in the subsequent period to the date of the financial statements to investigate this matter. The investigation was not completed until the date of the approval of the interim condensed financial statements.

- D. The Company recorded inventory in the period subsequent to 31 March 2020, and later it was found that the inventory had been purchased and received during the year ended 31 December 2019, accordingly, the inventory and related balances as of 31 March 2020 were adjusted.
- E. It represents the depreciation expense for the right of use assets, and the financing costs for the lease liabilities related to the head office lease contract and the vehicles purchased during the first quarter of 2020 through finance lease contract in accordance with the requirements of IFRS 16.
- F. Certain comparative figures have been reclassified to comply with the current period presentation of these interim condensed financial statements.

16. CONTINGENT LIABILITIES AND COMMITMENTS

There are cases instituted against the Company with approximately total financial claims amounting to SR 9.8 million (31 December 2020: approximately SR 9.9 million), which no final judgments have been issued until the date of the interim condensed financial statements. Management believes that such cases will not have any impact on the financial position of the Company and the results of its operations.

17. SUBSEQUENT EVENTS

There are no subsequent events that require disclosure or amendment to the accompanying interim financial statements.

18. APPROVAL ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 18 Dhu al-Qidah 1442 H (corresponding to 28 June 2021).