Al Obeikan Glass Company
(A SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

Crowe

Al Azem & Al Sudairy & Al Shaikh & Partners
CPA's & Consultants - Member Crowe Global

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INDEPENDENT AUDITOR'S REPORT

TO: THE SHAREHOLDERS
AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **AL OBEIKAN GLASS COMPANY (the "Company"),** which comprise the statement of financial position as at December 31, 2021, the statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition	
Key audit matter	**How the matter was addressed in our audit**
The Company applies IFRS 15 " Revenue from Contracts with Customers". The Company's revenues amounted to SAR 463.2 million for the year ended 31 December 2021 (2020: SAR 261.3 million). Revenue is a key indicator for measuring performance, and this implies the presence of inherent risks by overstatement of revenue recognition to increase profitability. Therefore, revenue recognition was considered a key audit matter.	Our audit procedures included, among others, based on our judgement, the following: - Assessing the appropriateness of the Company's accounting policies related to revenue recognition, as well as the extent of compliance with the requirements of associated accounting standards. - Test the design and implementation of internal control procedures related to revenue recognition and their operational effectiveness, including anti-fraud control procedures. - Conducting analytical audit procedures for revenues, by comparing sales quantities and prices for the current year with the previous year, and determining whether there are any significant trends or fluctuations in light of our understanding of the current market conditions. - On sample basis, test revenue transactions with the supporting documents, to verify the occurrence of revenues and its recognition in the correct periods.
Refer to note (3) relating to the accounting policy	

Key Audit Matters (Continued)

Valuation of Investment at FVOCI	
Key audit matter	**How the matter was addressed in our audit**
The company has an investment in equity instruments with a holding rate of 19%, and according to the requirements of IFRS 9 "Financial Instruments," the Company should measure this investment at fair value. The investment balance as of December 31, 2021 is SR 16,699,510 (December 31, 2020: SR 16,294,914). We have considered the valuation of the investment at FVOCI as a key audit matter because it requires a significant amount of judgment on the part of management, including: • Assumptions related to expected economic conditions, particularly growth rates. • The discount rate used in the valuation model.	Our audit procedures included, among others, based on our judgement, the following: - Evaluate the objectivity, independency, competence and experience of the valuator. - Tested the accuracy and relevance of the input data used in the model by the management and which was relied upon by the management valuator by referring to supporting evidence, such as approved budgets, and considered the reasonableness of these budgets by comparison to the historical results of the investee. - Involved our valuation specialist to review the valuation techniques and methodology used by the management valuator and challenged the assumptions and estimates sales prices, discount rates and terminal values, including economic fluctuations on the Company's business to ensure the reasonableness of key assumptions and estimates used to determine the fair value of investment. - Performed sensitivity analysis on the significant assumptions, mainly the growth rate of sales and discount rate, to evaluate the possible impact on the Company from the possible results. We also examined the adequacy of the Company's disclosures included in the financial statements.
Refer to note (3) relating to the accounting policy and notes (9 and 27) relating to the relevant disclosures	

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INDEPENDENT AUDITOR'S REPORT - *Continued*
AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

Other Information

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

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

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

When we read the annual report and conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, Regulations for Companies and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

AL OBEIKAN GLASS COMPANY
(A Saudi Joint Stock Company)

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

العظم والسديري وآل الشيخ وشركاؤهم
محاسبون ومراجعون قانونيون
License No 323/11/148
ترخيص رقم ١٤٨/١١/٣٢٣
Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountant R

Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountants

Abdullah M. Al Azem
License No. 335

16 Ramadan 1443H (17 April 2022)
Riyadh, Kingdom of Saudi Arabia

Al Obeikan Glass Company
(A Saudi Joint Stock Company)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	*December 31, 2021* **SR**	*December 31, 2020* SR
ASSETS			
Current Assets			
Cash and cash equivalents	5	**112,238,660**	6,202,062
Accounts receivable and other assets	6	**61,562,434**	43,804,732
Amounts due from a related party	7	**89,782,106**	57,861,874
Inventories	8	**36,712,785**	40,869,183
TOTAL CURRENT ASSETS		**300,295,985**	148,737,851
Non-Current Assets			
Property, plant and equipment	10	**385,884,601**	407,811,926
Right of use assets	11	**28,039,847**	26,729,554
Investment at fair value though other comprehensive income	9	**16,699,510**	16,294,914
TOTAL NON-CURRENT ASSETS		**430,623,958**	450,836,394
TOTAL ASSETS		**730,919,943**	599,574,245
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and other liabilities	14	**53,802,774**	49,218,846
Amounts due to related parties	7	**1,366,109**	7,024,131
Short-term borrowings	12	**25,902,327**	-
Current portion of long-term loan	13	**70,000,000**	67,505,000
Current portion of lease liabilities	11	**1,955,696**	1,914,340
Zakat provision	15	**4,615,245**	1,572,006
TOTAL CURRENT LIABILITIES		**157,642,151**	127,234,323
Non-Current Liabilities			
Non-Current portion of long-term loans	13	**108,500,000**	163,500,000
Current portion of lease liabilities	11	**27,784,323**	23,598,788
Employees' terminal benefits	16	**19,180,339**	17,511,157
TOTAL NON-CURRENT LIABILITIES		**155,464,662**	204,609,945
TOTAL LIABILITIES		**313,106,813**	331,844,268
SHAREHOLDERS' EQUITY			
Share capital	17	**240,000,000**	240,000,000
Statutory reserve	18	**19,097,698**	1,729,540
Fair value reserve		**14,243,666**	13,839,070
Retained earnings		**144,471,766**	12,161,367
TOTAL SHAREHOLDERS' EQUITY		**417,813,130**	267,729,977
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**730,919,943**	599,574,245

The accompanying notes 1 to 31 are an integrated part of these financial statements

These financial statements appearing on pages (6) to (33) were approved by the Board of Directors and were signed on its behalf by

Mohammed Abdulnabi Shaaban Chief Financial Officer	Fayez Jameel Abdulrazzag Chief Executive Officer	Abdullah Abdul Rahman Al Obeikan Chairman

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	*2021* SR	*2020* SR
Sales		**463,236,025**	261,330,727
Cost of sales	19	**(211,788,045)**	(183,648,393)
GROSS PROFIT		**251,447,980**	77,682,334
Selling and distribution expenses	20	**(46,248,803)**	(40,864,886)
General and administrative expenses	21	**(18,967,486)**	(15,519,351)
Other (expenses) income, net	22	**(465,445)**	5,821,411
OPERATING PROFIT		**185,766,246**	27,119,508
Finance cost	23	**(6,102,475)**	(6,885,163)
PROFIT BEFORE ZAKAT		179,663,771	20,234,345
Zakat	15A	**(5,982,191)**	(2,938,948)
NET PROFIT FOR THE YEAR		**173,681,580**	17,295,397
OTHER COMPREHENSIVE INCOME:			
Item that will not be reclassified subsequently to profit or loss:			
Re-measurement of employees' terminal benefits	16	**(3,023)**	(2,315,147)
Change in fair value of investment at FVOCI	9	**404,596**	(2,945,776)
OTHER COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		**401,573**	(5,260,923)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**174,083,153**	12,034,474
Earnings per share for basic and diluted based on net profit for the year related to the Company's shareholders	26	**7.24**	0.72

These financial statements appearing on pages (6) to (33) were approved by the Board of Directors and were signed on its behalf by

Mohammed Abdulnabi Shaaban Chief Financial Officer	Fayez Jameel Abdulrazzag Chief Executive Officer	Abdullah Abdul Rahman Al Obeikan Chairman

Al Obeikan Glass Company
(A Saudi Joint Stock Company)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2021

	Share capital SR	*Statutory reserve SR*	*Fair value reserve SR*	*Retained earnings SR*	*Total SR*
Balance at 1 January 2020	240,000,000	-	16,784,846	(1,089,343)	255,695,503
Net profit for the year	-	-	-	17,295,397	17,295,397
Other comprehensive loss for the year	-	-	(2,945,776)	(2,315,147)	(5,260,923)
Total comprehensive income for the year	-		(2,945,776)	14,980,250	12,034,474
Transfer during the year	-	1,729,540	-	(1,729,540)	-
Balance at 31 December 2020	**240,000,000**	**1,729,540**	**13,839,070**	**12,161,367**	**267,729,977**
Net profit for the year	-	-	-	**173,681,580**	**173,681,580**
Other comprehensive income for the year	-	-	**404,596**	**(3,023)**	**401,573**
Total comprehensive income for the year	-	-	**404,596**	**173,678,557**	**174,083,153**
Transfer during the year	-	**17,368,158**	-	**(17,368,158)**	-
Interim dividends	-	-	-	**(24,000,000)**	**(24,000,000)**
Balance at 31 December 2021	**240,000,000**	**19,097,698**	**14,243,666**	**144,471,766**	**417,813,130**

These financial statements appearing on pages (6) to (33) were approved by the Board of Directors and were signed on its behalf by

Mohammed Abdulnabi Shaaban
Chief Financial Officer

Fayez Jameel Abdulrazzag
Chief Executive Officer

Abdullah Abdul Rahman Al Obeikan
Chairman

Al Obeikan Glass Company
(A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	2021 SR	*2020* SR
OPERATING ACTIVITIES		
Profit before zakat	**179,663,771**	20,234,345
Adjustments for:		
Depreciation of property, plant and equipment	**36,112,802**	34,032,817
Depreciation of right of use assets	**1,274,539**	1,179,240
Reversal of provision for doubtful debts related to accounts receivable	**(159,906)**	(1,324,372)
Provision for doubtful debts related to due from a related party	**668,515**	-
Reversal of provision for slow moving inventory	**(291,923)**	(63,186)
Adjustments related to right of use assets and lease liabilities	**2,388,090**	-
Gain on sale of property, plant and equipment	**(58)**	-
Finance cost	**6,102,475**	6,885,163
Current service cost of employees' terminal benefits	**2,118,051**	1,892,927
	227,876,356	62,836,934
Changes in operating assets and liabilities:		
Accounts receivable and other assets	**(17,597,796)**	27,932,157
Inventories	**4,448,321**	8,737,438
Accounts payable and other liabilities	**4,583,928**	(19,924,604)
Net change on related parties balances	**(38,246,769)**	(9,385,915)
Cash from operations	**181,064,040**	70,196,010
Finance cost paid during the year	**(4,128,258)**	(5,398,473)
Zakat paid during the year	**(2,938,952)**	(2,638,520)
Employees' terminal benefits paid	**(749,376)**	(1,152,283)
Net cash from operating activities	**173,247,454**	61,006,734
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(14,191,751)**	(30,307,687)
	6,332	2,444
Net cash used in investing activities	**(14,185,419)**	(30,305,243)
FINANCING ACTIVITIES		
Proceeds from short-term loans	**25,902,327**	-
Repayment of short-term loans	**-**	(13,610,000)
Repayment of long-term loan	**(52,505,000)**	(7,500,000)
Repayment of lease liabilities	**(2,422,764)**	(6,434,581)
Dividends paid	**(24,000,000)**	-
Net cash (used in) from financing activities	**(53,025,437)**	27,544,581
INCREASE IN CASH AND CASH EQUIVALENTS	**106,036,598**	3,156,910
Cash and cash equivalents at the beginning of the year	**6,202,062**	3,045,152
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**112,238,660**	6,202,062
NON-CASH TRANSACTIONS:		
Transfer to statutory reserve	17,368,158	1,729,540
Right of use assets adjustments	(2,584,832)	-
Lease liabilities adjustments	4,972,922	-

The accompanying notes 1 to 31 are an integrated part of these financial statements

These financial statements appearing on pages (6) to (33) were approved by the Board of Directors and were signed on its behalf by

Mohammed Abdulnabi Shaaban	Fayez Jameel Abdulrazzag	Abdullah Abdul Rahman Al Obeikan
Chief Financial Officer	Chief Executive Officer	Chairman

1 ACTIVITIES

Al Obeikan Glass Company (the "Company") is a Saudi joint stock company formed pursuant to the Ministerial Resolution No. 224/Q dated 27 Shaban 1428H (corresponding to 9 September 2007) and registered in Riyadh under commercial registration No 1010241520 dated 30 Dhul-Qadah 1428H (corresponding to 10 December 2007). The company start its commercial activity on 1 July 2011.

The Company is engaged in the wholesale of chemicals and the wholesale and retail sale of glass panels. The company also carries out its activities through the branch registered with Commercial Register No. 4700010945 dated 9 Jumada Al-Ula 1429H (corresponding to May 14, 2008) issued in Yanbu city. The branch's activity is represented in the operation of quarries, sand or gravel mines, including crushers, and the manufacturing of insulating glass used in construction.

The registered address of the company is P.O. Box 62807, Riyadh 11595, Kingdom of Saudi Arabia. The company's branch is located in Yanbu Al-Sinaiyah, light industries area.

On 2 Shaban 1442H (corresponding to March 15, 2021), the Board of Directors of Obeikan Glass company decided to recommend to the General Assembly of the Company's shareholders the registration and direct listing of the Company's shares in the Parallel Market "Nomu", after obtaining the necessary approvals from the Saudi Capital Market Authority and the Saudi Exchange Company "Tadawul". And based on the Extraordinary General Assembly meeting held on Shaaban 19, 1442H (corresponding to April 1, 2021), the General Assembly voted unanimously and with 100% attendance on the registration and direct listing of the Company's shares in Nomu. The company obtained the approval of the Saudi Capital Market Authority on request of direct listing of the Company's shares in the Nomu on 26 Dhu al-Qa'dah 1442H (corresponding to July 6, 2021), and obtained the Authority's approval of the request to register the Company's shares in Nomu on 26 Rabi' al-Akhir 1443H (corresponding to 1 December 2021).

The Registration Document was published on 14 Jumada al-Akhar 1443H (corresponding to 17 January, 2022) and the Company's shares were listed started traded in the Nomu on 6 Rajab, 1443H (corresponding to 7 February, 2022) (see Note 30).

Covid-19 Update:

In response to the spread of the Covid-19 and its resulting disruptions to the social and economic activities in those markets over the last two years, management continues to proactively assess its impacts on its operations. In particular, the Company is closely monitoring the current surge in cases due to the outbreak of a new variant-Omicron. The preventive measures taken by the company are still in effect. Based on that the Management believes that the Covid-19 pandemic has had no material effect on the reported financial results for the year ended 31 December 2021 including the significant accounting judgements and estimates.

The Company continues to monitor the surge of the new variant closely although at this time management is not aware of any factors that are expected to change the impact of the pandemic on the company's operations during 2022 or beyond.

Going Concern:

The Board of Directors conducted an assessment of the Company's ability to continue as an existing entity, and concluded that the Company has the necessary resources to continue operating for the foreseeable future for a period of no less than 12 months from the date of approval of the financial statements. In addition, the management did not notice any significant cases of uncertainty that might question the company's ability to continue as an existing entity, and therefore the financial statements were prepared on the basis of going concern.

2 BASIS OF PREPARATION

2-1 Statement of Compliance

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

2-2 Preparation of The Financial Statements

These financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Equity Investment at Fair Value through Other Comprehensive Income ("FVOCI") is measured at fair value.
- The defined benefit obligation is recognised at the present value of future obligations using the Projected Unit Credit Method.

2-3 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Saudi Riyals (SR), which is the Company's functional and the presentation currency, and all values are rounded to the nearest Riyal, except where otherwise indicated.

3 SIGNIFICANT ACCOUNTING POLICIES

3-1 New Standards, Amendment to Standards and Interpretations

The Company has adopted the following new standard, effective from 1st January 2021.

3-1-1 Amendments to IFRS 7 and IFRS 16 interest rate benchmark reform – Phase 2

The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

3-1-2 Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the International Accounting Standards Board ("IASB") published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification.

On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

The adoption of above amendments does not have any material impact on the Financial Statements during the year.

3-2 Standards issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted them in preparing these financial statements.

3-2-1 Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3-2-2 Amendments to IFRS 3, IAS 16, IAS 37

- IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

3-2-3 Amendments to IAS 1, Practice statement 2 and IAS 8

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

3-2-4 Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction

These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

3-3 Revenue recognition

Revenue is measured based on the consideration specified in a contract with customer and excludes amount collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer. The principles in IFRS 15 are applied using the following five steps:

Step 1: The Company accounts for a contract with a customer when:

- The contract has been approved and the parties are committed;
- Each party's rights are identified;
- Payment terms are defined;
- The contract has commercial substance; and
- Collection is probable.

Step 2: The Company identify all promised goods or services in a contract and determines whether to account for each promised good or service as a separate performance obligation. A good or service is distinct and is separated from other obligations in the contract if both:

- the customer can benefit from the good or service separately or together with other resources that are readily available to the customer; and
- the good or service is separately identifiable from the other goods or services in the contract.

Step 3: The Company determine the transaction price, which is the amount of consideration it expects to be entitled to in exchange for transferring promised goods or services to a customer.

Step 4: The transaction price in an arrangement is allocated to each separate performance obligation based on the relative standalone selling price of the good or service being provided to the customer.

Step 5: Revenue is recognized when control of the goods or services is transferred to the customer. The Company transfers a good or service when the customer obtains control of that good or service. A customer obtains control of a good or service if it has the ability to direct the use of and receive the benefit from the good or service.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3-3 Revenue recognition (continued)

The following is a description, accounting policies and significant judgements of the principal activities from which the Company generates revenue.

Sale of goods
Sales represent the invoiced value of goods supplied by the Company during the year, net of trade and quantity discounts and are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably normally on delivery to the customer.

3-4 Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Saudi Riyals at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in profit or loss.

3-5 Employees' terminal benefits

Employees' end of service benefits
The end-of-service benefits provision is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurements

The Company presents the first two components of defined benefit costs in profit or loss in relevant line items. Remeasurements are presented as part of other comprehensive income.

Short-term employee benefits
A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that services.

Retirement benefits
Retirement benefits made to defined contribution plans are expensed when incurred.

3-6 Zakat

Zakat is calculated and provided for by the Company in accordance with Saudi Arabian fiscal regulations and is charged to profit or loss.

3-7 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. When spare parts are expected to be used during more than one period, then they are accounted for as property, plant and equipment.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3-7 Property, plant and equipment (continued)

Historical cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis.
The Company applies the following annual rates of depreciation to its property, plant and equipment:

Building	33 years
Plant and machinery	15 to 20 years
Equipment	5 years
Furniture and fixtures	5 years
Computers	4 years
Motor vehicles	5 years

Land and capital work in progress is not depreciated.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Spare Parts
Items such as spare parts, stand-by equipment and servicing equipment are recognised in accordance with IFRS 16 when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

3-8 Impairment of non-financial assets
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.
Where the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.
The Company bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Company CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to OCI. In this case, the impairment is also recognized in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3-9 Right-of-Use Assets and Lease Liabilities

The company has recognised assets and liabilities for its operating leases of related to the factory land each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

i. Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and - restoration costs.

(Right-of-use assets are subsequently measured at cost less accumulated depreciation)

ii. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Statement of Profit or Loss. Short-term leases are leases with a lease term of 12 months or less.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, the management generally considers certain factors including historical lease durations and the costs and business disruption required to replace the leased asset.

3-10 Inventory

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3-11 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks, all of which are available for use by the Company unless otherwise stated and have maturities of 90 days or less, which are subject to insignificant risk of changes in values.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3-12 Financial instruments

The Company recognizes a financial asset or a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

At initial recognition, the Company recognizes a financial instrument at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial assets

IFRS 9 requires all financial assets to be classified and subsequently measured at either amortized cost or fair value. The classification depends on the business model for managing the financial asset and the contractual cash flow characteristics of financial asset, determined at the time of initial recognition.

Financial assets are classified into the following specified categories under IFRS 9:

- Debt instruments at amortized cost;
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition; and
- Financial assets at fair value through profit and loss (FVPL).

(a) Financial assets classified as amortized cost

Debt instruments that meet the following conditions are subsequently measured at amortized cost less impairment loss (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

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

If a financial asset does not meet both of these conditions, it is measured at fair value.

The Company makes an assessment of a business model at portfolio level as this best reflects the way the business is managed and information is provided to management. In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Company considers:

- Management's stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How management evaluates the performance of the portfolio;
- Whether the management's strategy focus on earning contractual commission income;
- The degree of frequency of any expected asset sales;
- The reason for any asset sales; and
- Whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Income is recognized on an effective interest basis for debt instruments measured subsequently at amortized cost. Interest is recognized in the income statement.

Debt instruments that are subsequently measured at amortized cost are subject to impairment.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3-12 Financial instruments (continued)

(b) Financial assets designated as FVOCI with recycling

Debt instruments that meet the following conditions are subsequently measured at FVOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt financial instruments measured at FVOCI, commission income and impairment losses or reversals are recognized in statement of income and computed in the same manner as for financial assets measured at amortized cost. All other changes in the carrying amount of these instruments are recognized in other comprehensive income and accumulated under the investment revaluation reserve. When these instruments are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to the statement of profit or loss.

(c) Financial assets classified as FVPL

Investments in equity instruments are classified as at FVPL, unless the Company designates an investment that is not held for trading as at FVOCI on initial recognition.

Debt instruments that do not meet the amortized cost of FVOCI criteria are measured at FVPL. In addition, debt instruments that meet the amortized cost criteria but are designated as at FVPL to avoid accounting mismatch are measured at fair value through income statement. A debt instrument may be designated as at FVPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Debt instruments are reclassified from amortized cost to FVPL when the business model is changed such that the amortized cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVPL on initial recognition is not allowed.

Financial assets at FVPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in income statement.

Commission income on debt instruments as at FVPL is included in the income statement.

Dividend income on investments in equity instruments at FVPL is recognized in statement of income when the Company's right to receive the dividends is established.

(d) Investment in equity instruments designated as FVOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation as at FVOCI is not permitted if the equity investment is held for trading.

A financial asset or financial liability is held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3-12 Financial instruments (continued)

(d) Investment in equity instruments designated as FVOCI (continued)

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other reserves. Gain and losses on such equity instruments are never reclassified to income statement and no impairment is recognized in income statement. The cumulative gain or loss will not be reclassified to income statement on disposal of the investments.

Dividends on these investments are recognized in statement of income when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Investment revaluation reserve includes the cumulative net change in fair value of equity investment measured at FVOCI. When such equity instruments are derecognized, the related cumulative amount in the fair value reserve is transferred to retained earnings.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses (ECL) on debt instruments that are measured at amortized cost or at FVOCI, lease receivables, trade receivables, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses reflects changes in credit risk since initial recognition of the respective financial instrument.

The Company applies the simplified approach to calculate impairment on trade receivables and this always recognizes lifetime ECL on such exposures. ECL on these financial assets are estimated using a flow rare based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company applies the general approach to calculate impairment. Lifetime ECL is recognized when there has been a significant increase in credit risk since initial recognition and 12 month ECL is recognized the credit risk on the financial instrument has not increased significantly since initial recognition. The assessment of whether credit risk of the financial instrument has increased significantly since initial recognition is made through considering the change in risk of default occurring over the remaining life of the financial instrument.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Exposure at default for off balance sheet items is arrived at by applying a credit conversion factor to the undrawn portion of the exposure.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

Nature of financial instruments (i.e. the Company's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3-12 Financial instruments (continued)

Measurement and recognition of expected credit losses (continued)

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset or substantially all the risk and rewards of ownership to another entity. If the Company neither transfer nor retains substantially all the risks and reward of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities

Financial liabilities carried at amortized cost have been classified and measured at amortized cost using the effective yield method.

For financial liabilities that are designated as at FVPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other

comprehensive income would create or enlarge an accounting mismatch in income statement. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to income statement.

The liability credit reserve includes the cumulative changes in the fair value of the financial liabilities designated as at fair value through profit or loss that are attributable to changes in the credit risk of these liabilities and which would not create or enlarge accounting mismatch in income statement. Amount presented in liability credit reserve are not subsequently transferred to income statement. When such investments are derecognized, the related cumulative amount in the liability credit reserve is transferred to retained earnings.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

3-13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3-14 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3-15 Selling, Distribution, General and Administration Expenses

Selling, Distribution, General and Administration Expenses include direct and indirect costs not specifically part of Cost of Sales. Allocations between Cost of Sales and Selling, Distribution, General and Administration Expenses, when required, are made on a consistent basis.

4 USE OF JUDGEMENTS AND ESTIMATES UNCERTAINTY

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumption are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

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 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 the 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 the 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, The Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

5 CASH AND CASH EQUIVALENTS

	December 31, 2021	*December 31, 2020*
	SR	SR
Cash in banks	**112,238,660**	6,202,062

6 ACCOUNTS RECEIVABLE AND OTHER ASSETS

	December 31, 2021	*December 31, 2020*
	SR	SR
Trade accounts receivable	**51,438,968**	38,791,018
Expected credit losses (*)	**(921,329)**	(1,081,235)
	50,517,639	37,709,783
Advances to Suppliers	**8,007,785**	3,796,106
Prepayments	**2,920,160**	2,225,147
Advances to employees	**116,850**	73,696
	61,562,434	43,804,732

(*) Movement in the expected credit losses is as follows:

	2021	*2020*
	SR	SR
Balance at beginning of the year	**1,081,235**	7,958,587
Reversal during the year	**(159,906)**	(1,324,372)
Write off during the year	**-**	(5,552,980)
Balance at the end of the year	**921,329**	1,081,235

The ageing of trade receivables is as follows:

	December 31, 2021	*December 31, 2020*
	SR	SR
0 to 30 days	**48,177,601**	35,842,885
31 to 60 days	**703,914**	1,354,168
61 to 90 days	**159,010**	119,952
Over 91 days	**2,398,443**	1,474,013
	51,438,968	38,791,018

7 RELATED PARTIES TRANSACTIONS AND THEIR BALANCES

7-1 Related parties include the following:

Related party name	Relationship
Al Obeikan Group for Investment Company	Parent company
Saudi Company for Advanced Industries	Major shareholder
Al Obeikan AGC Glass	Associate of the parent company
Al Obeikan Flexible Plastic Factory	Affiliate
Al Obeikan Digital Solutions Company	Affiliate
Al Obeikan Technical Fabrics Company	Affiliate
Al Obeikan for Education	Affiliate

7-2 Significant transactions with related parties in the ordinary course of business included in the financial statements are summarised below:

Related party:	Nature of transaction	*2021* SR	*2020* SR
Al Obeikan Group for Investment Company	Employee Payroll Services	**219,158**	151,386
	Customs clearance services, consulting and accounting program services	**871,423**	723,800
	Industrial Excellence Program Consulting	**534,942**	180,368
	Payments during the year	**6,605,166**	1,000,000
Al Obeikan Digital Solutions Company	Digitization Program Services and Consultation	**164,409**	239,307
	Payments during the year	**627,507**	300,000
Al Obeikan for Education	Robot software services and consultancy	**151,369**	152,792
	Payments during the year	**234,309**	69,852
Al Obeikan Flexible Plastic Factory	Purchase of packaging materials	**249,780**	248,483
	Payments during the year	**382,120**	817,658
Al Obeikan AGC Glass	Support expenses	**2,977,457**	-
	Other expenses charged to the company	**171,990**	62,774
	Payments	**341,587**	340,668

Related party:	Nature of transaction	*2021* SR	*2020* SR
Al Obeikan AGC Glass	Glass sales	**49,217,772**	13,469,505
	Sharing services (land rent, warehouses, shipping and other services)	**6,385,466**	7,474,419
	Collections during the year	**20,037,034**	10,107,714

7-3 Compensation of key management personnel and board of directors of the company during the year:

	2021 SR	*2020* SR
Short-term benefits and bonuses	**5,386,170**	2,378,132
Long-term benefits	**2,759,700**	3,141,945
	8,145,870	5,520,077

7 RELATED PARTIES TRANSACTIONS AND THEIR BALANCES (Continued)

7-4 Significant year end balances arising from transactions with related parties are as follows:

Due from a related party

	December 31, 2021 SR	*December 31, 2020* SR
Related party		
Al Obeikan AGC Glass	**90,450,621**	57,861,874
Expected credit losses (*)	**(668,515)**	-
	89,782,106	57,861,874

(*) Movement in the Expected credit losses is as follows:

	2021 SR	*2020* SR
Balance at beginning of the year	**-**	-
Charge during the year	**668,515**	-
Balance at the end of the year	**668,515**	-

Due to related parties

	December 31, 2021 SR	*December 31, 2020* SR
Related party		
Al Obeikan Group for Investment Company	**1,126,080**	6,105,723
Al Obeikan Digital Solutions Company	**100,085**	563,183
Al Obeikan Flexible Plastic Factory	**94,530**	226,870
Al Obeikan Technical Fabrics Company	**45,414**	45,414
Al Obeikan for Education	**-**	82,941
	1,366,109	7,024,131

8 INVENTORIES

	December 31, 2021 SR	*December 31, 2020* SR
Raw materials	**12,783,078**	11,959,817
Finished goods	**10,147,065**	17,103,147
Spare parts and consumables	**8,832,646**	6,952,290
Work-in-progress	**5,439,451**	5,573,781
Packing materials	**345,714**	407,240
	37,547,954	41,996,275
(*)Provision for slow-moving inventory	**(835,169)**	(1,127,092)
	36,712,785	40,869,183

(*) Movement in provision for slow-moving is as follows:

	2021 SR	*2020* SR
Balance at beginning of the year	**1,127,092**	1,190,278
Reversal during the year	**(291,923)**	(63,186)
Balance at end of the year	**835,169**	1,127,092

9 INVESTMENT AT FAIR VALUE THOUGH OTHER COMPREHENSIVE INCOME

This item represents investment in equity shares by 19% of Al Obeikan AGC Glass Company, a mixed Saudi limited liability company whose main activity is the manufacture of primary glass products and the manufacture of insulating glass items used in construction. The company has irrevocably designated the investment at fair value through other comprehensive income on initial recognition as the Company's intention is to hold this investment for the long term for strategic purposes.

	December 31, 2021 **SR**	*December 31, 2020* SR
Following is the change in FV of the investment at FVOCI:		
Balance at beginning of the year	**16,294,914**	19,240,690
Change in FV during the year	**404,596**	(2,945,776)
Balance at end of the year	**16,699,510**	16,294,914

During the current year and prior year, there are no dividends or disposals or any transfers of any cumulative gain or loss within shareholders' equity relating to the investment.

10 PROPERTY, PLANT AND EQUIPMENT

	Buildings *SR*	*Plant and Machinery* *SR*	*Equipment* *SR*	*Furniture and fixtures* *SR*	*Computers* *SR*	*Motor vehicles* *SR*	*Work in progr* *SR*
COST:							
Balance at 1 January 2020	72,846,496	621,055,784	11,110,994	2,271,923	3,709,728	1,672,272	41,5
Additions during the year	1,111,060	2,419,902	1,167,818	65,905	170,250	-	25,3
Disposals during the year	-	(8,702)	-	-	(4,589)	-	
Transfer during the year	28,471,437	21,974,868	500,970	-	79,665	-	(51,02
December 31, 2020	**102,428,993**	**645,441,852**	**12,779,782**	**2,337,828**	**3,955,054**	**1,672,272**	**15,8**
Additions	1,287,878	5,027,242	1,950,234	328,731	633,527	340,231	4,6
Disposals	(1,500)	-	-	(10,100)	(10,142)	-	
Transfer during the year	1,087,397	4,877,678	79,776	-	382,531	-	(6,42
December 31, 2021	**104,802,768**	**655,346,772**	**14,809,792**	**2,656,459**	**4,960,970**	**2,012,503**	**14,0**
DEPRECIATION:							
Balance at 1 January 2020	17,652,087	310,675,987	7,924,588	2,168,503	3,210,245	1,023,948	
Additions during the year	2,335,412	29,884,070	1,259,541	102,294	294,514	156,986	
Disposals during the year	-	(2,551)	-	-	(13,184)	-	
Transfer during the year							
December 31, 2020	19,987,499	340,557,506	9,184,129	2,270,797	3,491,575	1,180,934	
Charge for the year	3,160,681	31,286,122	1,162,426	107,564	303,182	92,827	
Disposals	(332)	-	-	(10,100)	(5,036)	-	
December 31, 2021	**23,147,848**	**371,843,628**	**10,346,555**	**2,368,261**	**3,789,721**	**1,273,761**	
NET BOOK VALUE:							
December 31, 2021	**81,654,920**	**283,503,144**	**4,463,237**	**288,198**	**1,171,249**	**738,742**	**14,0**
December 31, 2020	82,441,494	304,884,346	3,595,653	67,031	463,479	491,338	15,8
1 January 2020	55,194,409	310,379,797	3,186,406	103,420	499,483	648,324	41,5

- The above property, machinery and equipment are built on land leased from the Royal Commission for Jubail and Yanbu under a contract with the Royal Commission from August 30, 2008 until August 30, 2042, and the contract can be renewed for an additional period or periods of years under the terms and conditions that may be agreed upon between the two parties.
- Included within plant and machinery is an amount of SR 19, 96 million (2020: SR 19, 96 million) in respect of tin ingots. The Company has not depreciated the tin ingots on the basis that these will retain value over the production cycle.
- All property, plant and equipment are pledged for the benefit of the SIDF (Note 13).

10 PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation charged for the year is allocated as follows:

	2021 SR	*2020* SR
Cost of sales	**35,642,102**	33,523,332
General and administration expenses	**441,296**	441,749
Selling and distribution expenses	**29,404**	67,736
	36,112,802	34,032,817

11 RIGHT OF USE ASSETS AND LEASE LIABILITIES

A) Right of use assets

Right of use assets represent leased land. The cost and related accumulated depreciation are presented below:

	Land **SR**
Cost	
Balance at 1 January 2020	29,088,038
Additions during the year	-
Balance at 31 December 2020	29,088,038
Additions during the year	-
Adjustments during the year	2,775,425
Balance at 31 December 2021	**31,863,463**
Accumulated Depreciation:	
Balance at 1 January 2020	1,179,244
Charge for the year	1,179,240
Balance at 31 December 2020	2,358,484
Charge for the year	1,274,539
Adjustments during the year	190,593
Balance at 31 December 2021	**3,823,616**
Net book value:	
At 31 December 2021	**28,039,847**
At 31 December 2020	**26,729,554**
At 1 January 2020	**27,908,794**

B) Lease liabilities:

	December 31, 2021 **SR**	December 31, 2020 SR
Balance at beginning of the year	**25,513,128**	30,666,881
Finance costs	**1,676,733**	1,280,828
Adjustments during the year	**4,972,922**	-
Lease liability payment	**(2,422,764)**	(6,434,581)
Balance at end of the year	**29,740,019**	25,513,128
Current portion of lease liabilities	**1,955,696**	1,914,340
Non-current portion of lease liabilities	**27,784,323**	23,598,788
	29,740,019	25,513,128

Expenses related to short-term lease contracts amounted to 62,227 SR (2020: 96,642 SR).

12 SHORT-TERM LOANS

The short-term loans represent Murabaha facilities for the purpose of purchasing raw materials used in the production of float glass that the Company obtained from the International Islamic Trade Finance Corporation (a member of the Islamic Development Bank) with total revolving facilities of SR 34 million, i.e. that the amount of the facilities becomes available again after payment, and with a repayment period of 12 months from the date of withdrawal. These facilities are available until June 3, 2022. These facilities are secured by a joint pledge with the same long-term loan mortgage given by the Saudi Industrial Development Fund (Note 14).

13 LONG-TERM LOANS

	December 31, 2021 SR	December 31, 2020 SR
Balance at beginning of the year	**231,005,000**	238,505,000
Payment during the year	**(52,505,000)**	(7,500,000)
Balance at end of the year	**178,500,000**	231,005,000
Current portion of long-term loans	**70,000,000**	67,505,000
Non-current portion of long-term loans	**108,500,000**	163,500,000
	178,500,000	231,005,000

On January 4 2009, the Company obtained a loan from the Saudi Industrial Development Fund (the "SIDF") for the purpose of financing the construction of Al Obeikan Glass Company factory. The ceiling of this loan amounted to a total of SR 229 million. On June 3, 2012, the loan ceiling was raised to cover the additional costs of the factory, so that the total loan value became SR 309.5 million. On October 8, 2020, the loan was restructured so that the last instalment to be repaid on August 2, 2023. An amount of SR 131 million was repaid as of the statement of financial position date. This loan is secured by pledging the entire factory, its buildings, machinery, equipment and all of its accessories, which is located on the plot of land leased from the Royal Commission for Jubail and Yanbu for the benefit of the SIDF.

14 ACCOUNTS PAYABLE AND OTHER LIABILITIES

	***December 31, 2021* SR**	*December 31, 2020* SR
Accounts payable	**27,451,732**	30,686,969
Advances from customers	**9,296,709**	6,100,833
Accrued electricity	**5,600,000**	-
Accrued finance charges	**1,228,208**	1,015,275
Accrued VAT	**884,217**	-
Accrued rent	-	2,999,999
Other accruals	**9,341,908**	8,415,770
	53,802,774	49,218,846

15 ZAKAT PROVISION

a) Zakat provision movement

Movement in the zakat provision is as follows:

	2021 SR	*2020* SR
Balance at beginning of year	**1,572,006**	1,456,246
Charge for the year	**5,982,191**	2,938,948
Adjustments	**-**	(184,447)
Payments during the year	**(2,938,952)**	(2,638,741)
Balance at end of the year	**4,615,245**	1,572,006

b) Status of zakat assessments

The company obtained the final zakat assessments from Zakat, Tax and customs Authority for all years up to the year ended December 31, 2018. The Company has files the zakat return with Zakat, Tax and customs Authority for the years up to 31 December 2020.

c) Zakat base

The provision for zakat charge is based on the following:

Saudi share of:	*2021* SR	*2020* SR
Shareholders' equity – as per Zakat, Tax and customs Authority	**241,729,540**	253,839,070
Provision and others	**246,787,465**	283,934,462
Book value of long term assets – as per Zakat, Tax and customs Authority	**(385,884,601)**	(401,746,121)
Other deduct	**(48,441,922)**	(44,113,811)
Adjust profit for the year	**183,413,339**	22,528,804
Zakat base	**237,603,821**	114,442,404
Zakat calculated for the year	**5,982,191**	2,938,948

- Zakat is calculated based on the adjusted net profit or the zakat base, whichever is higher.
- Zakat is calculated from the adjusted net profit at 2.5٪, while the zakat base is calculated from the zakat base less the adjusted net profit at 2,57768٪ and 2.5٪ from the adjusted net profit.

d) Adjusted net profit for the year

The adjusted net profit or the year reconciliation is as follows:

	2021 SR	*2020* SR
Net profit for the year	**180,332,286**	20,234,345
Expenses other	**203,700**	5,000
Employee end of service provision for the year	**2,877,353**	2,289,459
Adjusted net profit for the year	**183,413,339**	22,528,804

16 EMPLOYEES' TERMINAL BENEFITS

	2021 SR	*2020* SR
Balance at beginning of the year	**17,511,157**	14,058,834
Current service cost	**2,118,051**	1,892,927
Interest cost	**297,484**	380,378
adjustment	**-**	16,154
Paid during the year	**(749,376)**	(1,152,283)
Re-measurement of Employees' terminal benefits	**3,023**	2,315,147
Balance at the end of the year	**19,180,339**	17,511,157

16 EMPLOYEES' TERMINAL BENEFITS (continued)

The most recent actuarial valuation was performed by a qualified actuary and was performed using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	December 31, 2021	*December 31, 2020*
	%	%
Rate of salary increases	**4.00%**	4.15%
Discount rate	**2.00%**	1,70%

All movements in employees' terminal benefits are recognized in profit or loss, except for the results of re-measurement of employees' terminal benefits that are recognized in the statement of other comprehensive income.

Sensitivity analyses:

The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	December 31, 2021	*December 31, 2020*
	SR	SR
Increase in discount rate of 0.5%	**18,567,057**	16,923,879
Decrease in discount rate of 0.5%	**19,833,825**	18,138,039
Increase in rate of salary increase of 0.5%	**19,817,695**	18,119,793
Decrease in rate of salary increase of 0.5%	**18,575,673**	16,934,582

17 SHARE CAPITAL

As on December 31, 2021, the Company's share capital is SR 240 million, divided into 24 million fully paid ordinary shares, the value of each share is SR10.

18 STATUTORY RESERVE

In accordance with the Saudi Arabian Regulations for Companies and company base system, the company should transfer 10% of its net income each year until it has built a reserve equal to 30% of the share capital. The reserve is not available for distribution among shareholders.

19 COST OF SALES

	2021	*2020*
	SR	SR
Cost of material	**96,461,506**	92,233,418
Depreciation (note 10,11)	**36,916,641**	34,702,572
Gas and electricity expenses	**29,734,158**	23,270,468
Employees' salaries and benefits	**24,525,373**	22,850,134
Consumables and direct costs	**24,150,367**	10,591,801
	211,788,045	183,648,393

20 SELLING AND DISTRIBUTION EXPENSES

	2021 SR	*2020* SR
Freight expenses goods to customers	**39,209,747**	32,827,196
Employees' salaries and benefits	**4,681,393**	5,113,440
Warehousing expenses	**1,413,555**	1,600,684
Export Cost	**518,948**	486,041
Sales Commission	**100,777**	18,057
Business Travel expenses	**81,025**	191,296
Depreciation of property, plant and equipment (note 10)	**29,404**	67,736
Insurance	**11,159**	11,924
Other	**202,795**	548,512
	46,248,803	40,864,886

21 GENERAL AND ADMINISTRATIVE EXPENSES

	2021 SR	*2020* SR
Employees' salaries and benefits	**13,362,460**	11,421,441
Professional and consulting fees	**1,281,875**	243،185
Shared service expense	**691,562**	260,854
Telephone, internet and postage expenses	**645,093**	636,087
Depreciation of property, plant and equipment (note 10)	**441,296**	441,749
Medical expenses	**349,889**	564,651
Travel expenses	**210,370**	100,681
Utilities	**157,307**	175,394
Stationery expense	**44,345**	46,221
Other expenses	**1,783,289**	1,629,088
	18,967,486	15,519,351

22 OTHER (EXPENSES) / INCOME, NET

	2021 SR	*2020* SR
Support expenses	(2,977,457)	-
Other expenses	(206,177)	-
Rents revenue	1,510,708	1,510,708
Scrap and soda ash sales	1,207,423	4,303,856
Gain on sale of property, plant and equipment	58	6,847
	(465,445)	5,821,411

23 FINANCE COST

	2021 SR	*2020* SR
Financing costs on Saudi Industrial Development Fund loan	**3,084,000**	3,600,000
Financing costs on lease liabilities	**1,676,733**	1,530,427
Financing costs on short term loans	**583,207**	275,835
Foreign Exchange currency change	**461,051**	922,665
Interest cost on employees' terminal benefits (note 16)	**297,484**	380,378
Other	**-**	175,858
	6,102,475	6,885,163

24 OPERATING SEGMENTS

24-A The main activity of the Company consists of a single main segment, which is the manufacturing and sale of glass panels. Control is transferred at a point in time which is at the delivery of goods to customers.

24-B Geographical distribution of sales:

	2021 SR	*2020* SR
Saudi Arabia	**224,920,925**	121,511,775
Other countries	**238,315,100**	139,818,952
	463,236,025	261,330,727

24-C Major customers

Revenue for a major customer amounts to SR 87,912,884 for the year ended December 31, 2021 which represents 19% of total revenue (2020: SR 42,409,063 and represents 16% of total revenue)

25 CONTINGENT LIABILITIES AND COMMITMENTS

On August 27, 2020, the Company received claim letter from Power, Water, and Utility Company for Jubail and Yanbu "Marafiq Company"; which is the sole provider of electricity, water and other utilities for the Company's glass production plant in Yanbu; in which it claimed from the Company an amount of SR 10,158,085 stating that the Company is not exempt from payment, as per the agreement with the Company, for the electricity reserved capacity for the years from 2012 to 2014, and in case payment was not made, the Company might be subject to power cutoff from Marafiq Company and hence would cause significant losses to the Company.

The Company applied a complaint to the Electricity & Co-generation Regulation Authority, in which it objected to the claim amount. The company recorded in its books an amount of SR 5,600,000 as expenses during the year ended December 31, 2021 (Note 14).

On March 8, 2022, an agreement was reached between the Company and Marafiq Company to settle the full claim amount of SR 10,158,085 (Note 30).

26 EARNINGS PER SHARE

The calculation of earnings per share is based on the net profit of the Company's shareholders divided by the weighted average number of shares:

	2021 *SR*	*2020* *SR*
Net profit for the year	**173,681,580**	17,295,397
Weighted average number of shares	**24,000,000**	24,000,000
Earnings per share	**7.24**	**0.72**

27 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

Fair Values

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	December, 31 2021		December, 31 2020	
	Book Value	Fair Value	Book Value	Book Value
Financial asset				
Investment at fair value though other comprehensive income'	16,699,510	16,699,510	16,294,914	16,294,914

The following methods and assumptions were used to estimate the fair values:

The fair value of the 'Investment at fair value though other comprehensive income' has been estimated using a Discounted Cash Flow model (DCF). The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for this investment.

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2021 are shown below:

Item	Valuation technique	Significant unobservable input	Input used	Sensitivity of the input to fair value
Investment at fair value though other comprehensive income	DCF method	Terminal Growth rate	3%	1% increase in the growth rate would result in an increase in fair value by SR 1.7 million. 1% decrease in the growth rate would result in a decrease in fair value by SR 1.4 million.
		Weighted Average Capital Cost (WACC)	14.75%	0.89% increase in WACC would result in a decrease in fair value by SR 2 million. 1.11% decrease in WACC would result in an increase in fair value by SR 2.9 million.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk such as equity price risk and commodity price risk.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company places its cash with banks that have sound credit ratings. Accounts receivables and due from related parties are carried net of provision for doubtful debts. Credit risk related to balances due from customers is managed by setting credit limits for each customer and monitoring the outstanding customer balances on a continuous basis.

27 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Loans	**December, 31 2021**	**December, 31 2020**
Less than one year	**95,902,327**	67,505,000
From one to five years	**108,500,000**	163,500,000
More than five years	**-**	-
	204,402,327	231,005,000

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company did not undertake any significant transactions in other currencies other than SR, USD and Euros, during the year. The Company monitors the fluctuations in foreign exchange rates and considers them to be insignificant.

28 DIVIDENDS DISTRIBUTION

On Safar 12, 1443H (corresponding to September 19, 2021), the Board of Directors proposed a recommendation to the General Assembly to distribute interim dividends for fiscal year 2021 by amount of SR 24 million (one Saudi riyal per share), provided that the distribution be during the month of October 2021. These dividends were distributed and fully paid during the fourth quarter from the year 2021.

29 COMPARATIVE FIGURES

Certain prior year figures have been reclassified to conform with the current year presentation, which include reclass between Inventories and Property, plant and equipment as following:

	Balance at financial statements as issued	**Reclassification**	**Balance after reclassification**
Inventories	**46,934,988**	**(6,065,805)**	**40,869,183**
Property, plant and equipment	**401,746,121**	**6,065,805**	**407,811,926**

30 SUBSEQUENT EVENTS

A) On Jumada Al-Akhra 1443H (corresponding to January 17, 2022), the Registration Document was published and announced by the financial advisor on the Tadawul to make it available to qualified investors during the specified period in accordance with The Rules on the Offer of Securities and Continuing Obligations. Tadwaul has announced that the shares of the Company have been listed ready for trading in the Nomu starting on Rajab 6, 1443H (corresponding to February 7, 2022) as a direct listing with Tadawul ISIN 9531 (Note 1).

B) On 5 Shaban 1443H (corresponding to 8 March 2022), the Company agreed with the Power, Water, and Utility Company for Jubail and Yanbu "Marafiq Company" to settle the full claim amount of SR 10,158,085 for the electricity reserved capacity for the years from 2012 to 2014 on monthly equal installments, the value of each installment is SR 423 thousand, during a period of 24 months, starting from the month of March 2022 and ending on the month of February 2024 (Note 25).

31 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved by the Board of Directors on 03 Shaaban 1443H (06 March 2022).