ECU LINE SAUDI ARABIA LLC
(A LIMITED LIABILITY COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

ECU LINE SAUDI ARABIA LLC
(A LIMITED LIABILITY COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
YEAR ENDED 31 DECEMBER 2021

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INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF ECU LINE SAUDI ARABIA LLC
(A LIMITED LIABILITY COMPANY)

Opinion

We have audited the financial statements of Ecu Line Saudi Arabia LLC (A Limited Liability Company) ("the Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in partners' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and 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 that are endorsed by the 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 professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Company's financial statements, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA and the provisions of Company's Law and the Company's Articles of Association, 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.

Management is 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF ECU LINE SAUDI ARABIA LLC
(A LIMITED LIABILITY COMPANY) (continued)

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

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.

- 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 management 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.

for Ernst & Young Professional Services

Hussain Saleh Asiri
Certified Public Accountant
License No. (414)

Jeddah: 09 Shawwal 1443H
10 May 2022

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Ernst & Young Professional Services
(Professional LLC)

ECU LINE SAUDI ARABIA LLC
(A LIMITED LIABILITY COMPANY)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	*2021* *SR*	*2020* *SR*
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	**76,782**	108,031
Right-of-use asset	6	**96,180**	144,389
Deferred tax asset	15	**1,078,641**	773,738
TOTAL NON-CURRENT ASSETS		**1,251,603**	1,026,158
CURRENT ASSETS			
Trade receivables	7	**46,723,219**	28,553,752
Deposits, prepayments and other current assets	8	**4,397,890**	6,693,365
Cash and bank balances	9	**5,331,359**	1,366,917
TOTAL CURRENT ASSETS		**56,452,468**	36,614,034
TOTAL ASSETS		**57,704,071**	37,640,192
PARTNERS' EQUITY AND LIABILITIES			
PARTNERS' EQUITY			
Capital	1	**1,350,000**	1,350,000
Statutory reserve	10	**512,766**	512,766
Retained earnings		**4,919,291**	4,221,371
TOTAL PARTNERS' EQUITY		**6,782,057**	6,084,137
NON-CURRENT LIABILITY			
Employees' defined benefit liabilities	12	**4,602,252**	3,496,410
CURRENT LIABILITIES			
Accounts payable	13	**38,866,843**	20,984,804
Accrued expenses and other current liabilities	14	**6,016,330**	3,012,283
Zakat and income tax payable	15	**1,118,859**	855,768
Dividend payable	11	**272,043**	3,160,522
Lease Liability	6	**45,687**	46,268
TOTAL CURRENT LIABILITIES		**46,319,762**	28,059,645
TOTAL LIABILITIES		**50,922,014**	31,556,055
TOTAL PARTNERS' EQUITY AND LIABILITIES		**57,704,071**	37,640,192

The attached notes from 1 to 24 form an integral part of these financial statements.

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ECU LINE SAUDI ARABIA LLC
(A LIMITED LIABILITY COMPANY)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Note	*2021* *SR*	*2020* *SR*
Revenue from contracts with customers	16	**187,902,911**	107,726,720
Rental income		**4,010,583**	5,427,562
Total revenue		**191,913,494**	113,154,282
Cost of revenue		**(167,788,108)**	(92,005,539)
Gross profit		**24,125,386**	21,148,743
General and administrative expenses	17	**(18,391,841)**	(16,042,749)
Operating profit		**5,733,545**	5,105,994
Finance costs		**(122,814)**	(160,571)
Foreign exchange loss		**(195,162)**	(187,515)
Profit before zakat and income tax		**5,415,569**	4,757,908
Zakat	15	**(102,703)**	(346,327)
Income tax			
- Current tax expense	15	**(1,015,949)**	(717,406)
- Deferred tax credit	15	**249,631**	51,452
NET PROFIT FOR THE YEAR		**4,546,548**	3,745,627
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss in subsequent years (net of tax):			
Re-measurement losses on employees' defined benefits liabilities	12	**(394,800)**	(357,329)
Related to deferred tax	15	**55,272**	50,026
		(339,528)	(307,303)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,207,020**	3,438,324

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The attached notes from 1 to 24 form an integral part of these financial statements.

ECU LINE SAUDI ARABIA LLC
(A LIMITED LIABILITY COMPANY)

STATEMENT OF CHANGES IN PARTNERS' EQUITY
For the year ended 31 December 2021

	Saudi partner (30%)			*Non-Saudi partner (70%)*			*Total*			
	Capital *SR*	*Statutory reserve* *SR*	*Retained earnings* *SR*	*Capital* *SR*	*Statutory reserve* *SR*	*Retained earnings* *SR*	*Capital* *SR*	*Statutory reserve* *SR*	*Retained earnings* *SR*	*Grand Total* *SR*
Balance as at 1 January 2020	405,000	153,830	1,683,778	945,000	358,936	3,928,816	1,350,000	512,766	5,612,594	7,475,360
Profit before zakat and income tax	-	-	1,427,372	-	-	3,330,536	-	-	4,757,908	4,757,908
Provision for zakat and income tax (note 15)	-	-	(346,327)	-	-	(665,954)	-	-	(1,012,281)	(1,012,281)
Profit for the year	-	-	1,081,045	-	-	2,664,582	-	-	3,745,627	3,745,627
Other comprehensive loss for the year	-	-	(107,199)	-	-	(200,104)	-	-	(307,303)	(307,303)
Total comprehensive income for the year	-	-	973,846	-	-	2,464,478	-	-	3,438,324	3,438,324
Dividends (note 11)	-	-	(1,448,864)	-	-	(3,380,683)	-	-	(4,829,547)	(4,829,547)
Balance as at 31 December 2020	405,000	153,830	1,208,760	945,000	358,936	3,012,611	1,350,000	512,766	4,221,371	6,084,137
Profit before zakat and income tax	-	-	1,624,671	-	-	3,790,898	-	-	5,415,569	5,415,569
Provision for zakat and income tax (note 15)	-	-	(102,703)	-	-	(766,318)	-	-	(869,021)	(869,021)
Profit for the year	-	-	1,521,968	-	-	3,024,580	-	-	4,546,548	4,546,548
Other comprehensive loss for the year	-	-	(118,440)	-	-	(221,088)	-	-	(339,528)	(339,528)
Total comprehensive income for the year	-	-	1,403,528	-	-	2,803,492	-	-	4,207,020	4,207,020
Dividends (note 11)	-	-	(1,052,730)	-	-	(2,456,370)	-	-	(3,509,100)	(3,509,100)
Balance as at 31 December 2021	**405,000**	**153,830**	**1,559,558**	**945,000**	**358,936**	**3,359,733**	**1,350,000**	**512,766**	**4,919,291**	**6,782,057**

The attached notes 1 to 24 form part of these financial statements.

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ECU LINE SAUDI ARABIA LLC
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STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	Note	2021 SR	2020 SR
OPERATING ACTIVITIES			
Profit before zakat and income tax		**5,415,569**	4,757,908
Adjustments to reconcile profit for the year to net cash flows:			
Depreciation on right-of-use asset	17	**1,259,832**	1,454,188
Allowance for expected credit loss	7(a)	**1,135,000**	444,666
Employee termination benefits incurred	12	**822,101**	721,114
Depreciation on property and equipment	17	**58,424**	98,615
Finance costs		**122,814**	160,571
		8,813,740	7,637,062
Working capital adjustments:			
Trade receivables		**(19,304,467)**	(13,528,995)
Deposits, prepayments and other current assets		**2,295,475**	(3,200,346)
Accounts payable		**17,882,039**	9,952,044
Accrued expenses and other current liabilities		**2,705,204**	1,453,359
Cash generated from operations		**12,391,991**	2,313,124
Employees' defined benefit liabilities paid	12	**(111,059)**	(55,179)
Financial charges		**(122,814)**	(160,571)
Income tax paid	15	**(855,561)**	(1,318,691)
Net cash flows from operating activities		**11,302,557**	778,683
INVESTING ACTIVITY			
Purchase of property and equipment	5	**(27,175)**	(58,230)
Cash flows used in investing activity		**(27,175)**	(58,230)
FINANCING ACTIVITIES			
Dividends paid	11	**(6,098,736)**	(3,467,068)
Lease payments		**(1,212,204)**	(1,322,454)
Cash flows used in financing activities		**(7,310,940)**	(4,789,522)
NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES		**3,964,442**	(4,069,069)
Cash and bank balances at the beginning of the year	9	**1,366,917**	5,435,986
CASH AND BANK BALANCES AT THE END OF THE YEAR	9	**5,331,359**	1,366,917

NON-CASH ITEMS:

Re-measurement losses on employees' defined benefits liabilities		**394,800**	357,329

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The attached notes 1 to 24 form part of these financial statements.

1 COMPANY INFORMATION

ECU LINE Saudi Arabia LLC (the "Company") is a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration no. 4030222136 issued in Jeddah on 6 Rabi'Alawal 1433H (29 January 2012). The Company has obtained SAGIA license No. 1020321111943 on 4 Dul Qeddah 1432 (2nd October 2011). The registered address of the Company is Muhammadiyah Plaza, Madina Munawara road, PO Box 104071, Jeddah 21331, Kingdom of Saudi Arabia.

The Company is principally engaged in operating storage facilities for all types of goods except food stuff, freight and dispersal services in general, storage in ports and customs or duty-free zones, loading and dispersing of goods and passenger luggage regardless of the means of transport, freight and unloading, cargo brokers' activities of transport and sea freight agencies."

The shareholding of the Company as of December 31, 2021 and December 31, 2020 is as follows:

	Nationality	Equity %	No. of Shares	Capital *SR*
Najd Trading and General Contracting Company	Saudi	30	40,500	405,000
Ecuhold N. V	Non-Saudi	70	94,500	945,000
		100	**135,000**	**1,350,000**

The Company has the following branches:

No.	Branch	CR Number	Dated
1	Dammam	2050102137	3 Muharram 1435 (06 November 2013)
2	Riyadh	1010947257	24 Jumada Al-Akhirah 1439 (12 March 2018)

The results, assets and liabilities of the branches are included in these financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRSs as endorsed in KSA").

2.2 Basis of measurement

These financial statements are prepared under the historical cost convention using the accruals basis of accounting and the going concern assumption, except for employees' benefits liabilities, measured at present value of the defined benefit obligation.

2.3 Functional and presentation currency

The financial statements are presented in Saudi Arabian Riyals (SR), which is the functional currency of the Company.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:
- Financial instruments risk management (note 20)
- Capital management (note 21)

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2 BASIS OF PREPARATION (continued)

2.4 Significant accounting judgements, estimates and assumptions (continued)

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Going concern

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

Revenue from contracts with customers

Satisfaction of performance for obligation

The Company is required to assess for each of its contract with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

Determination of transaction prices

The Company is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Company assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract. In determining the impact of variable consideration, the Company uses the "most-likely amount" method in IFRS 15 whereby the transactions price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Determining the lease term of contracts with termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to terminate. That is, it considers all relevant factors that create an economic incentive for it. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to terminate (e.g., a change in business strategy).

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Information about the assumptions and estimation uncertainties is included in the following areas.

Useful lives and residual value of property and equipment

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

Provision for expected credit losses ("ECLs") of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

2 BASIS OF PREPARATION (continued)

2.4 Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

Provision for expected credit losses ("ECLs") of trade receivables (continued)

The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 20.

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cashflow ("DCF") model.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the cash generating unit ("CGU") being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Defined benefit plan
The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employee turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on high quality Corporate/Government bonds. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country. Further details about employee benefits obligations are provided in note 12.

Provisions
Provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Recoverability of deferred tax asset
The Company is required by IAS 12 to assess that it will have sufficient taxable profit in the future to realize its deferred tax asset. The Company makes budget and other assessment to evaluate that it will be generating sufficient taxable profit in the future to realize its deferred tax asset.

Impact of COVID-19
Management has considered the impact of Covid- 19 on the financial statements. Management is monitoring the evolution of Covid -19 pandemic and will continue to assess its impact going forward.

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3 SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Company in preparing its financial statements:

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

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

All other assets are classified as non-current.

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

The Company classifies all other liabilities as non-current.

Deferred tax asset or liabilities are classified as non-current.

Fair value measurement

The Company measures financial instruments at fair value at each reporting 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised with in 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 recognised 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 categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. .

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Foreign currencies

Transactions in foreign currencies are initially recorded at the spot rate ruling at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Property and equipment

Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset including costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, where applicable.

Subsequent costs
The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of furniture and office equipment are recognized in the statement of profit or loss and other comprehensive income as incurred.

Depreciation
Depreciation is calculated over depreciable amount, which is the cost of an asset or other amount substitute for cost, less its residual value. The depreciable amount is depreciated on a straight-line basis over the estimated useful lives of the assets and is generally recognized in the statement of profit or loss account and other comprehensive income.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Furniture and fixtures	4
Office equipment	3
Forklift	4
Vehicle	4

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Depreciation (continued)

Derecognition
An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, are recognized in statement of profit or loss and other comprehensive income.

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 Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. The fair value less costs of disposal is determined by taking into account recent market transactions. If no such transactions can be identified, an appropriate valuation model is used. The value in use is assessed by discounting the estimated future cash flows 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. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the statement of profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than it's carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Leases
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, if any, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company at the end of the lease term or

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Company as a lessee (continued)

i) Right-of-use assets (continued)
the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

ii) Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate, if any. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Financial instruments

Financial assets

Classification of financial assets
On initial recognition, a financial asset is classified as amortized cost ("AC"), fair value through other comprehensive income ("FVOCI") or fair value through statement of profit or loss ("FVTPL").

Financial asset at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Financial asset at FVOCI

Debt instruments:
A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

Financial asset at FVOCI (continued)

The financial assets measured at FVOCI have been classified as non-current assets in the statement of financial position.
Equity instruments:

On initial recognition, for an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial asset at FVTPL
All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Business model assessment
The Company makes an assessment of the objective of a business model under which an asset is held, at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessments whether contractual cash flows are solely payments of principal and interest ("SPPI" criteria)
For the purposes of this assessment, 'principal' is the fair value of the financial asset on initial recognition. 'Interest' is the consideration for the time value of money, the credit and other basic lending risk associated with the principal amount outstanding during a particular period and other basic lending costs (e.g. liquidity risk and administrative costs), along with profit margin.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Business model assessment (continued)

Assessments whether contractual cash flows are solely payments of principal and interest ("SPPI" criteria) (continued)

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes 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. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money- e.g. periodical reset of interest rates.

Derecognition of Financial Assets
The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of comprehensive income.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment of financial assets
The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or a Group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and a loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that debtors or a Group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter into bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as economic conditions that correlate with defaults.

The Company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. For trade receivables, the Company applies a simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The Company considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Cash and bank balances

Cash and bank balances in the statement of financial position comprise cash at banks and cash on hand.

Statutory reserve

As required by the Saudi Arabian Regulations for Companies, the Company transfers 10% of its profit for the year to the statutory reserve until there reserve equals 30% of capital. The reserve is not available for distribution as dividends.

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 an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Employee termination benefits

The Company operates a defined benefit scheme for its employees in accordance with labor regulations applicable in the Kingdom of Saudi Arabia. This benefit is unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other profit or loss and other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under 'cost of sales', 'general and administrative expenses' in the statement of profit or loss and other comprehensive income (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

The Company has not designated any financial liability as at fair value through profit or loss.

Borrowings
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing borrowings.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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 re-translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Company recognizes revenue when or as a performance obligation is satisfied. i.e. when control of the goods or services pertaining to the respective performance obligation is transferred to the customer. The Company applies a five-step model to determine when to recognize revenue and at what amount.

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when or as the entity satisfies a performance obligation

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services

Freight and related income

Freight and related income are recognized upon delivery of shipment to the customer as the sales process is considered complete and the control is transferred to the customer that performance obligation is satisfied.

Rental income

The company provides warehouse storage services to its customers on the port. The income from storage services meets the definition of operating lease under IFRS - 16. Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

Other income

Other income that are incidental to the Company's business model are recognized as income as they are earned or accrued.

Expenses

Direct costs

Direct cost represents all expenses directly attributable or incidental to the core operating activities of the Company

General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of the core business operations. Allocations between cost of sales and general and administrative expenses, when required, are made on a consistent basis.

Finance costs

Finance costs are recorded in the statement of profit or loss and other comprehensive income of the period in which these are incurred

Zakat and tax

Zakat

Zakat is provided for in accordance with the Saudi Arabian fiscal regulations. Zakat provision is charged to the statement of comprehensive income. Additional amounts, if any, that may become due on finalisation of an assessment are accounted for in the year in which settlement is finalised.

Income tax

Income tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax is recognised in the statement of comprehensive income.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases and liabilities and their carrying amounts for the financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised on all deductible temporary differences, carry forward of unused tax credits and unused tax losses only to the extent that it is probable that taxable profit will be available against which the assets can be utilised.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Zakat and tax (continued)

Deferred tax (continued)

The carrying amount of deferred tax assets/liabilities is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset/liability to be utilised. Unrecognised deferred tax assets/liabilities are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered and deferred tax liability to be settled.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority.

Withholding tax
The Company withhold taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with ZATCA regulations, which is not recognized as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

Value added tax
Revenues, expenses and assets are recognized net of the amount of value added tax, except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and payables are stated with the amount of value added tax included

Dividends

Dividend are recognized as a liability at the time of their approval by the shareholders.

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

4.1 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

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4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)

4.1 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY (continued)

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting or rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Company has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application

4.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

Amendments to IAS 1: Classification of Liabilities as Current or Non- current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendment is not expected to have any impact on the financial statements of the Company.

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)

4.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE (continued)

Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendment is not expected to have any impact on the financial statements of the Company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. This amendment is not applicable to the Company.

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4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)

4.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE (continued)

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

IAS 41 Agriculture – Taxation in fair value measurements
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

This amendment is not applicable to the Company

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the financial statements of the Company.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The amendments are not expected to have a material impact on the financial statements of the Company.

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5 PROPERTY AND EQUIPMENT

	Furnitures & fixtures SR	*Office equipment SR*	*Forklift SR*	*Vehicles SR*	*Total SR*
Cost:					
At 1 January 2020	883,814	479,975	267,916	282,295	1,914,000
Additions	48,830	9,400	-	-	58,230
At 31 December 2020	932,644	489,375	267,916	282,295	1,972,230
Additions	-	27,175	-	-	27,175
At 31 December 2021	**932,644**	**516,550**	**267,916**	**282,295**	**1,999,405**
Accumulated depreciation					
At 1 January 2020	760,205	455,170	267,915	282,294	1,765,584
Charge for the year	64,408	34,205	1	1	98,615
At 31 December 2020	824,613	489,375	267,916	282,295	1,864,199
Charge for the year	31,249	27,175	-	-	58,424
At 31 December 2021	**855,862**	**516,550**	**267,916**	**282,295**	**1,922,623**
Net book value:					
At 31 December 2021	**76,782**	-	-	-	**76,782**
At 31 December 2020	108,031	-	-	-	108,031

6 RIGHT OF USE ASSETS

	2021 SR	*2020 SR*
Cost:		
As at 1 January	**3,030,335**	1,661,613
Additions	**1,211,623**	1,368,722
As at 31 December	**4,241,958**	3,030,335
Accumulated Amortization:		
As at 1 January	**2,885,946**	1,431,758
Charge for the year	**1,259,832**	1,454,188
As at 31 December	**4,145,778**	2,885,946
Net Book value	**96,180**	144,389
Lease Liability:		
As at 1 January	**46,268**	-
Additions	**1,211,623**	1,368,722
Accretion of interest	**32,484**	32,757
Payments during the year	**(1,244,688)**	(1,355,211)
As at 31 December	**45,687**	46,268

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7 TRADE RECEIVABLES

	2021 SR	2020 SR
Accounts receivable - third parties	**48,587,712**	28,882,055
Amounts due from related parties (note 18)	**648,771**	1,049,961
	49,236,483	29,932,016
Less: allowance for expected credit loss (note 7 (a))	**(2,513,264)**	(1,378,264)
	46,723,219	28,553,752

Accounts receivable are unsecured and non-interest bearing and are generally on terms of 30 to 90 days. Refer note 20.

a) Movement in the allowance for expected credit losses of receivables is as follows:

	2021 SR	2020 SR
As at 1 January	**1,378,264**	1,632,932
Charge for the year (note 17)	**1,135,000**	444,666
Write offs during the year	**-**	(699,334)
As at 31 December	**2,513,264**	1,378,264

8 DEPOSITS, PREPAYMENTS AND OTHER CURRENT ASSETS

	2021 SR	2020 SR
Refundable deposits	**1,393,000**	2,000,832
Prepaid expenses	**1,351,874**	982,379
Advance payment to supplier	**678,760**	2,995,003
Receivables from employees	**584,653**	415,388
Contract assets	**196,392**	34,650
Others	**193,211**	265,113
	4,397,890	6,693,365

9 CASH AND BANK BALANCES

	2021 SR	2020 SR
Cash at bank	**5,251,458**	1,229,981
Cash in hand	**79,901**	136,936
	5,331,359	1,366,917

10 STATUTORY RESERVE

As required by Companies' Law, 10% of the net income for the year is required to be transferred to the statutory reserve. As per the Articles of Association of the Company, the Company may resolve to discontinue such transfer when the reserve totals 30% of the capital. This having been achieved, no amount is transferred to statutory reserve during the year 2020 and 2021. This reserve is not available for distribution.

11 DIVIDEND PAYABLE

During 2021, dividend of SR 3,509,100 relating to 2020 was declared, out of which SR 3,093,536 is paid during current year and the remaining amount of SR 272,043 is payable as of 31 December 2021 and presented under current liabilities. (2020: SR 4,829,547 relating to 2019 was declared, out of which SR 1,669,025 was paid in 2020 and the remaining amount of SR 3,005,200 is paid during current year).

12 EMPLOYEES' DEFINED BENEFIT LIABILITIES

The movement in employees' termination benefits, a defined benefit plan, during the year is as follows:

	2021 *SR*	*2020* *SR*
As at 1 January	**3,496,410**	2,473,146
Included in statement of profit or loss		
Current service cost	**731,771**	593,300
Interest cost	**90,330**	127,814
	822,101	721,114
	4,318,511	3,194,260
Included in statement of other comprehensive income		
Re-measurement losses on employees' defined benefits liabilities	**394,800**	357,329
Benefits paid	**(111,059)**	(55,179)
As at 31 December	**4,602,252**	3,496,410

The following were the principal actuarial assumptions applied at the reporting date:

	2021	*2020*
Discount factor used	**2.95%**	**2.58%**
Salary increase rate	**7% for 1st year 4.25% thereafter**	**0% for 1st year 4.25% thereafter**
Rates of employee turnover	**Moderate**	**Moderate**

The quantitative sensitivity analysis for principal assumptions is as follows:

	2021 *SR*	*2020* *SR*
Discount rate:		
+1% increase	**(400,372)**	**(131,645)**
-1% decrease	**457,201**	**483,526**
Salary increase rate:		
+1% increase	**457,201**	**465,815**
-1% decrease	**(398,835)**	**(99,173)**

13 ACCOUNTS PAYABLE

	2021 *SR*	*2020* *SR*
Accounts payable - related parties (note 18)	**32,196,409**	13,812,517
Accounts payable - third parties	**6,670,434**	7,172,287
	38,866,843	20,984,804

14 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2021 *SR*	*2020* *SR*
Advances from customers	**2,578,298**	2,165,487
Accrued expenses	**3,438,032**	846,796
	6,016,330	3,012,283

15 ZAKAT AND INCOME TAX PAYABLE

Basis for Zakat and income tax:
The Company is subject to zakat and income tax. Zakat is payable on higher of adjusted profit or the zakat base. Zakat is applicable at 2.5% on adjusted profit & 2.578% on zakat base. Income tax is payable at 20% of adjusted profit.

Zakat and income tax charges

	2021 *SR*	*2020* *SR*
Income tax related to non-Saudi partner recorded in statement of profit or loss		
Current tax expense	**1,015,949**	717,406
Deferred tax credit	**(249,631)**	(51,452)
	766,318	665,954
Income tax related to non-Saudi partner recorded in statement of other comprehensive income		
Deferred tax credit	**(55,272)**	(50,026)
Zakat related to Saudi partner	**102,703**	346,327
Zakat and Income tax charge	**813,749**	962,255

Income Tax

	2021 *SR*	*2020* *SR*
Current income tax charge	**1,015,949**	717,406
Deferred tax credit	**(304,903)**	(101,478)
Income tax reported in statement of profit or loss and other comprehensive income	**711,046**	615,928

15 ZAKAT AND INCOME TAX PAYABLE (continued)

Deferred Tax

	2021	*2020*
	SR	*SR*
As at 1 January	**773,738**	672,260
Deferred tax credit during the year recognised in statement of profit or loss	**249,631**	51,452
Deferred tax credit to other comprehensive income	**55,272**	50,026
As at 31 December	**1,078,641**	773,738

Deferred tax assets recognized due to temporary differences arising on:

	2021	*2020*
	SR	*SR*
Employee termination benefits	**644,315**	489,497
Allowance for expected credit losses	**351,857**	192,957
Accelerated depreciation on property and equipment	**82,469**	91,284
	1,078,641	773,738

ZAKAT

The zakat charge for the year relating to the Saudi partner consists of:

	2021	*2020*
	SR	*SR*
Current year provision	**102,703**	125,026
Adjustment for prior years	**-**	221,301
	102,703	346,327

The principal elements of the zakat base are as follows:

	2021	*2020*
	SR	*SR*
Opening Partners' equity	**(4,380)**	573,583
Opening Provision and other adjustments	**1,823,575**	1,067,098
Zakatable results for the year	**2,229,820**	1,881,754
Zakat base	**4,049,015**	3,522,435

The differences between the financial and the zakatable results are mainly due to adjustments for certain costs / claims based on the relevant fiscal regulations.

15 ZAKAT AND INCOME TAX PAYABLE (continued)

Movement in current zakat and income tax provision for the year is as follows:

	2021			
	Zakat SR	***Income Tax SR***	***Total SR***	*2020 Total SR*
As at 1 January	89,373	766,395	855,768	1,110,726
Charge for the year	102,703	1,015,949	1,118,652	842,432
Adjustment for prior year	-	-	-	221,301
Payments made during the year	(89,437)	(766,124)	(855,561)	(1,318,691)
As at 31 December	**102,639**	**1,016,220**	**1,118,859**	855,768

Status of assessment

The ZATCA has finalized the assessment for the years ended 31 December 2015, 2017 and 2018.

The Company has already filed the final declarations up to the year 2020. The assessments for these years 2014, 2019 and 2020 are still under review by the ZATCA.

Subsequent to the year-end, the ZATCA has raised an assessment with an zakat liability of SR 38,288 for the year 2016. The Company is in a process of settling the liability under-protest.

16 REVENUE FROM CONTRACTS WITH CUSTOMERS

Segments

	2021 SR	*2020 SR*
Type of services		
Air freight and related income	**16,662,854**	17,701,914
Ocean freight and related income	**171,240,057**	90,024,806
	187,902,911	107,726,720

Geographical markets

	2021 SR	*2020 SR*
Central region	**109,404,705**	54,918,439
Eastern region	**36,480,363**	20,813,187
Western region	**33,122,890**	25,476,135
Exports	**8,894,953**	6,518,959
	187,902,911	107,726,720

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17 GENERAL AND ADMINISTRATIVE EXPENSES

	2021 *SR*	*2020* *SR*
Employee benefits	**13,172,446**	11,605,400
Depreciation on right-to-use assets (note 6)	**1,259,832**	1,454,188
Allowance for expected credit loss (note 7 (a))	**1,135,000**	444,666
Rent expense	**640,879**	606,662
Consultancy fees	**518,400**	435,289
Insurance	**440,105**	403,887
Telephone and internet charges	**238,593**	233,058
Maintenance charges	**201,175**	178,923
Technical support service fees	**169,634**	165,464
Traveling and transportation	**134,022**	78,642
Government fees	**102,824**	77,464
Depreciation on property and equipment (note 5)	**58,424**	98,615
Others	**320,507**	260,491
	18,391,841	16,042,749

18 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent associated companies, major partners, directors and key management personnel of the Company, managers and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Name	*Relationship*
Ecu-Hold N.V.	Partner
ECU Line Middle East LLC	Affiliate
ASIAPAC Turkey TACIMALIK	Affiliate
ECU Riga IC	Affiliate
ECU Durban IC	Affiliate
ECU Worldwide (Guangzhou) Ltd	Affiliate
ECU New York IC	Affiliate
ECU Miami IC	Affiliate
ECU Amman IC	Affiliate
ECU London IC	Affiliate
ECU Durban IC	Affiliate
ECU Shenzhen IC	Affiliate
Prism Global IC	Affiliate
All Cargo Mumbai IC	Affiliate
ECU Logistics do Brasil Ltd	Affiliate
ECU Shanghai IC	Affiliate
ECU Line Ningbo	Affiliate
ECU-Line Rotterdam B.V.	Affiliate
ECU Line Qingdao	Affiliate
ECU Worldwide (UK) Limited	Affiliate
ECU Worldwide Vietnam Co. Ltd	Affiliate
ECU Barcelona IC	Affiliate
ECU Worldwide (Germany) GmbH	Affiliate
ECU Worldwide (Belgium) NV	Affiliate
ECU Line Turkey	Affiliate
ECU Line Italy	Affiliate
ECU Worldwide USA	Affiliate
ECU Worldwide China Ltd.	Affiliate
ECU Dubai IC	Affiliate

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18 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Name	*Relationship*
ECU Line France	Affiliate
All Cargo Gandhidham IC	Affiliate
ECU Line Malaysia Sdn	Affiliate
KAFF Logistic	Affiliate
Oriental Power log	Affiliate
ECU Hochiminh IC	

a) The following table provides the total amount of material transactions that have been entered into with related parties:

Related parties	*Nature of transactions*	*Amount of transactions* *2021* *SR*	*2020* *SR*
Partner	Technical support service fees	**(169,634)**	(165,464)
Affiliate	Sales	**2,861,070**	1,499,178
Affiliate	Expenses incurred on behalf of the Company	**(77,489,334)**	(30,742,713)
Key management personnel			
Salaries and other benefits		**1,085,680**	1,016,062
End of service benefits		**722,328**	605,525

The above transactions resulted in the following balances at year end:

Amounts due from related parties as at 31 December comprises the following:

	2021 *SR*	*2020* *SR*
ECU Shanghai IC	**261,265**	-
ASIAPAC Turkey TACIMALIK	**98,813**	-
ECU Dubai IC	**69,857**	881,618
ECU Riga IC	**50,141**	-
ECU New York IC	**35,581**	-
ECU Durban IC	**29,454**	-
ECU Miami IC	**23,926**	24,926
ECU London IC	**15,299**	17,172
ECU Barcelona IC	**14,802**	
ECU Shenzhen IC	**13,705**	13,705
Prism Global IC	**9,748**	9,748
All Cargo Gandhidham IC	**6,054**	6,054
ECU Logistics do Brasil Ltd.	**1,454**	451
ECU Guangzhou IC	-	28,444
ECU Amman IC	-	13,495
All Cargo Mumbai IC	-	8,039
ECU Line Middle East LLC	**1,418**	6,908
ECU Worldwide (UK) Limited	-	1,454
ECU-Hold NV	-	51
Others	**17,254**	37,896
	648,771	1,049,961

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18 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Amounts due to related parties as at 31 December comprises the following:

	2021 *SR*	*2020* *SR*
ECU Shenzhen IC	**15,096,921**	4,553,170
ECU Worldwide Vietnam Co. Ltd	**5,223,389**	313,626
ECU Line Shanghai	**3,379,168**	1,104,809
ECU Worldwide (Guangzhou) Ltd	**2,377,824**	-
ECU Line Dubai	**1,120,302**	1,013,248
ECU Line Qingdao	**840,070**	-
ECU Line France	**479,688**	-
ECU Line Malaysia Sdn	**437,905**	-
ECU Worldwide (UK) Limited	**405,133**	370,017
KAFF Logistic	**351,587**	-
ECU Worldwide (Belgium) NV	**305,369**	221,663
Oriental Power log	**252,471**	-
ECU Worldwide (Germany) GmbH	**194,308**	273,336
ECU Line Italy	**138,719**	154,215
ECU-Line Rotterdam B.V.	**132,493**	1,007,781
ECU Line Ningbo	**62,008**	1,584,568
ECU Hochiminh IC	-	333,405
ECU Line Turkey	**11,468**	164,642
ECU Worldwide USA	-	121,280
Others	**1,387,586**	2,596,757
	32,196,409	13,812,517

- The amounts are classified as trade receivables and trade payables, respectively (see notes 7 and 13)

19 FINANCIAL INSTRUMENTS

19.1 Financial assets measured at amortized cost

	2021 *SR*	*2020* *SR*
Trade receivable	**46,723,219**	28,553,752
Other current assets	**4,211,646**	2,715,983
Cash and bank balances	**5,331,359**	1,366,917
	56,266,224	32,636,652

19.2 Financial liabilities measured at amortized cost

	2021 *SR*	*2020* *SR*
Accounts payable	**37,509,323**	20,984,804
Other current liabilities	-	89,801
Lease liability	**45,687**	46,268
	37,555,010	21,120,873

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20 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities are accounts payable, lease liability, dividend payable and other current liabilities. The Company's principal financial assets include trade receivables, cash and bank balances, deposits and other current assets that arrive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and the Company's risk appetite.

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 two types of risk: interest rate risk and currency risk, explained as follows:

Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Company is not exposed to interest rate risk as the Company does not have any interest-bearing assets and liabilities as at 31 December 2021 (31 December 2020: same).

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. During the year ended 31 December 2021 and 31 December 2020, the Company did not undertake significant transactions in currencies other than Saudi Riyals, Euro, GBP and US Dollars. Since Saudi Riyal is pegged to US Dollar, the Company is not exposed to any significant currency risk at year end. Transactions in other foreign currencies are not material and hence the Company is not exposed to any significant currency 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 is exposed to credit risk from its operating activities (primarily on trade and other receivables) and on its cash at bank balances:

i) Trade and other receivables
Credit risk is managed by the Company subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

As at 31 December 2021, the Company's top 5 customers owed more than 37% of outstanding accounts receivable (2020: 32%).

An impairment analysis is performed at reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity if the cost of such activity is expected to be higher than the benefit of doing so. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

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20 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

i) Trade and other receivables (continued)

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

	31 December 2021							
	< 30 days	*31-60 days*	*61-90 days*	*91-120 days*	*121-180 days*	*181-365 days*	*> 365 days*	*Total*
Expected credit loss rate	2%	2%	2%	5.5%	10%	15.9%	100.00%	
	SR	*SR*	*SR*	*SR*	*SR*	*SR*	*SR*	*SR*
Estimated total gross carrying amount at default	14,654,572	13,197,251	7,908,788	3,753,111	6,642,294	2,560,457	520,010	**49,236,483**
Expected credit loss	293,092	265,138	158,891	205,351	664,229	406,553	520,010	**2,513,264**

	31 December 2020							
	< 30 days	*31-60 days*	*61-90 days*	*91-120 days*	*121-180 days*	*181-365 days*	*> 365 days*	*Total*
Expected credit loss rate	2.35%	3.63%	6.15%	6.59%	11.72%	23.08%	100.00%	
	SR	*SR*	*SR*	*SR*	*SR*	*SR*	*SR*	*SR*
Estimated total gross carrying amount at default	24,775,566	1,911,753	1,022,418	372,669	304,881	1,223,958	320,771	29,932,016
Expected credit loss	582,297	69,431	62,923	24,573	35,729	282,540	320,771	1,378,264

ii) Cash at bank balance

With regards to credit risk arising out of cash at bank balances, the Company manages its credit risk by depositing its cash with reputable banks.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity requirements are monitored on a regular basis and the Company's management ensures that sufficient funds are available to meet any commitments as they arise.

At 31 December 2021 and 31 December 2020, all of the entity's financial liabilities were contractually due and payable within 12 months of the year-end.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	2021	*2020*
	SR	*SR*
As at 31 December 2021		
Accounts payable	**37,509,323**	20,984,804
Other current liabilities	**-**	89,801
Lease liability	**45,687**	46,268
	37,555,010	21,120,873

21 CAPITAL MANAGEMENT

For the purpose of capital management, capital includes capital, statutory reserve and all other equity reserves attributable to the partners of the Company. The primary objective of capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments considering changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to partners.

22 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction.

The Company's financial assets consist of trade receivables, cash and bank balances, deposits and other current assets. Its financial liabilities consist of accounts payable, lease liability, dividend payable and other current liabilities.

There were no transfers between Level 1, Level 2 and Level 3 during the years.

23 SUBSEQUENT EVENTS

In the opinion of the management, other than that mentioned in note 15, there have been no significant subsequent events since the year ended 31 December 2021 that would have a material impact on the financial position of the Company as reflected in these financial statements.

24 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the partners of the Company on 10 May 2022 (corresponding to 9 Shawwal 1443H).

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