JAMJOOM PHARMACEUTICALS FACTORY

(A Closed Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31December 2019G

with

INDEPENDENT AUDITORS' REPORT

KPMG

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Independent Auditors' Report

To the Shareholders of Jamjoom Pharmaceuticals Factory

Opinion

We have audited the consolidated financial statements of Jamjoom Pharmaceuticals Factory ("the Company") (and its subsidiaries) ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Audit Committee is responsible for overseeing the Group's financial reporting process.

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Independent Auditors' Report

To the Shareholders of Jamjoom Pharmaceuticals Factory (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Jamjoom Pharmaceuticals Factory** ("the Company") and its subsidiaries ("the Group").

For KPMG Al Fozan & Partners
Certified Public Accountants

Nasser Ahmed Al Shutairy
License No. 454

كي بي ام جي الفوزان وشركاه
محاسبون ومراجعون قانونيون
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Certified Public Accountants
KPMG Al Fozan & Partners

Jeddah, 18 Shawwal 1441H
Corresponding to 10 June 2020

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JAMJOOM PHARMACEUTICALS FACTORY
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019G
(Expressed in Saudi Arabian Riyals)

	Notes	31 December 2019G	31 December 2018G
ASSETS			
Non-current assets:			
Property, plant and equipment	5	**503,929,607**	474,729,871
Right-of-use asset	6	**2,500,022**	--
Intangible assets	7	**4,026,348**	4,557,288
Deferred tax asset		--	20,640
Investments	8	**37,942,239**	37,942,239
		548,398,216	517,250,038
Current assets:			
Inventories	9	**90,589,908**	122,384,554
Trade and other receivables	10	**445,155,591**	392,365,507
Murabaha investment as at amortised cost		**18,919,632**	28,240,954
Cash and cash equivalents	11	**180,571,366**	147,019,777
		735,236,497	690,010,792
Total assets		**1,283,634,713**	1,207,260,830
EQUITY			
Share capital	12	**100,000,000**	100,000,000
Statutory reserve	13	**50,000,000**	50,000,000
Foreign currency translation reserve		**(30,340,499)**	(31,332,526)
Retained earnings		**949,855,777**	881,105,512
Equity attributable to the owners of Company		**1,069,515,278**	999,772,986
Non-controlling interests		--	675
Total equity		**1,069,515,278**	999,773,661
LIABILITIES			
Non-current liabilities:			
SIDF loan	14	**17,745,710**	32,583,099
Employees' end of service benefits	15	**64,035,230**	56,204,686
Lease obligation	16	**2,227,524**	--
		84,008,464	88,787,785
Current liabilities:			
Current portion of SIDF loan	14	**16,000,000**	14,000,000
Trade payables and other current liabilities	17	**96,668,254**	87,738,223
Lease obligation	16	**272,498**	
Zakat and income tax provision	18	**17,170,219**	16,961,161
		130,110,971	118,699,384
Total liabilities		**214,119,435**	207,487,169
Total equity and liabilities		**1,283,634,713**	1,207,260,830

The accompanying notes 1 through 30 form an integral part of these consolidated financial statements.

JAMJOOM PHARMACEUTICALS FACTORY
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2019G
(Expressed in Saudi Arabian Riyals)

	Notes	2019G	2018G
Revenue	21	**731,733,150**	701,300,003
Cost of revenue		**(309,367,432)**	(258,533,811)
Gross profit		**422,365,718**	442,766,192
Selling and distribution expenses	22	**(213,871,663)**	(237,464,939)
General and administration expenses	23	**(33,954,208)**	(33,603,422)
Operating profit		**174,539,847**	171,697,831
Other income, net	24	**1,028,181**	(248,537)
Finance income / (charges), net	25	**102,695**	(5,216,217)
Profit before Zakat and income tax		**175,670,723**	166,232,077
Zakat and income tax	18	**(18,739,585)**	(15,396,638)
Net profit for the year		**156,931,138**	150,836,439
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Re-measurement of employees' end of service benefits liability	15.1	**(2,180,873)**	(307,498)
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation differences		**992,027**	854,374
Other comprehensive (loss) / income for the year		**(1,188,846)**	546,876
Total comprehensive income for the year		**155,742,292**	151,383,315

The accompanying notes 1 through 30 form an integral part of these consolidated financial statements.

JAMJOOM PHARMACEUTICALS FACTORY
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)
For the year ended 31 December 2019G
(Expressed in Saudi Arabian Riyals)

	Note	31 December 2019G	31 December 2018G
Profit for the year attributable to:			
– Shareholders' of the Parent Company		**156,931,138**	150,835,775
– Non-controlling interest's share of net income in subsidiary		--	664
Profit for the year		**156,931,138**	150,836,439
Total comprehensive income for the period attributable to:			
– Shareholders' of the Parent Company		**156,931,138**	151,382,651
– Non-controlling interests' share of net income in subsidiary		--	664
Total comprehensive income for the year		**156,931,138**	151,383,315
Earnings per share			
Earnings per share from profit for the year attributable to the Shareholders' of the Parent Company	26	**15.69**	15.08

The accompanying notes 1 through 30 form an integral part of these consolidated financial statements.

JAMJOOM PHARMACEUTICALS FACTORY
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019G
(Expressed in Saudi Arabian Riyals)

	Attributable to the owners of the Company					Non-controlling interest	Total equity
	Share capital	Statutory reserve	Retained earnings	Foreign currency translation reserve	Total		
Balance at 1 January 2018G	100,000,000	50,000,000	830,577,235	(32,186,900)	948,390,335	11	948,390,346
Total comprehensive income:							
Net profit for the year	--	--	150,835,775	--	150,835,775	664	150,836,439
Other comprehensive income	--	--	(307,498)	854,374	546,876	--	546,876
	--	--	150,528,277	854,374	151,382,651	664	151,383,315
Transaction with owners:							
Dividends (Note 12)	--	--	(100,000,000)	--	(100,000,000)	--	(100,000,000)
Balance at 31 December 2018G	100,000,000	50,000,000	881,105,512	(31,332,526)	999,772,986	675	999,773,661
Total comprehensive income:							
Net profit for the year	--	--	156,931,138	--	156,931,138	(675)	156,930,463
Other comprehensive loss	--	--	(2,180,873)	992,027	(1,188,846)	--	(1,188,846)
	--	--	154,750,265	992,027	155,742,292	(675)	155,741,617
Transaction with owners:							
Dividends (Note 12)	--	--	(86,000,000)	--	(86,000,000)	--	(86,000,000)
Balance at 31 December 2019G	**100,000,000**	**50,000,000**	**949,855,777**	**(30,340,499)**	**1,069,515,278**	**--**	**1,069,515,278**

The accompanying notes 1 through 30 form an integral part of these consolidated financial statements.

JAMJOOM PHARMACEUTICALS FACTORY
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2019G
(Expressed in Saudi Arabian Riyals)

	Notes	2019G	2018G
Cash flows from operating activities:			
Profit before Zakat and income tax		**175,670,723**	166,233,077
Adjustments for:			
Depreciation	5	**41,824,524**	41,762,334
Amortisation	7	**443,371**	701,811
Unamortised portion of SIDF loan fee paid	14	**1,154,290**	1,444,303
Foreign currency translation adjustment		**657,952**	860,788
Allowance for expected credit losses	10	--	1,074,286
Provision for inventories	9	**13,063,870**	1,242,937
Reversal for expected credit losses	10	**(90,019)**	--
Provision for employees' end of service benefits	15	**9,353,793**	9,099,111
Gain on disposal of property and equipment	24	**(324,347)**	(139,430)
		241,754,157	222,279,217
Changes in:			
Trade and other receivables		**(57,036,916)**	(44,156,124)
Inventories		**31,794,646**	(48,704,913)
Trade payables and other current liabilities		**8,103,217**	5,953,082
Cash generated from operating activities		**224,615,104**	135,371,262
Employees' benefits paid	15	**(3,704,122)**	(3,665,675)
Zakat and income tax paid	18	**(17,335,176)**	(18,994,489)
Net cash generated from operating activities		**203,575,806**	112,711,098
Cash flows from investing activities:			
Additions to property, plant and equipment	5	**(70,535,989)**	(46,807,221)
Additions to intangible assets	7	**(460,040)**	(148,156)
Proceeds from disposal of property, plant and equipment		**971,812**	174,710
Purchase of FVTPL investment	8	--	(9,375,000)
Purchase of amortised cost investment – Murabaha		--	(28,236,854)
Net cash used in investing activities		**(70,024,217)**	(84,392,521)
Cash flows from financing activities:			
Repayment of SIDF loan	14	**(14,000,000)**	(10,000,000)
Dividends paid	12	**(86,000,000)**	(100,000,000)
Net cash used in financing activities		**(100,000,000)**	(110,000,000)
Net change in cash and cash equivalents		**33,551,589**	(81,681,423)
Cash and cash equivalents at the beginning of the year	11	**147,019,777**	228,701,200
Cash and cash equivalents at the end of the year	11	**180,571,366**	147,019,777

The accompanying notes 1 through 28 form an integral part of these consolidated financial statements.

JAMJOOM PHARMACEUTICALS FACTORY
(A Closed Saudi Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2019G
(Expressed in Saudi Arabian Riyals)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Jamjoom Pharmaceuticals Factory ("the Company") was a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration number 4030154596 dated 18 Safar 1426 H (corresponding to 28 March 2005). During 2013, the Company's shareholders resolved to change the legal status of the Company from a limited liability company to a closed saudi joint stock company. The Ministry of Commerce and Investment announced the conversion to closed joint stock company by Ministerial Resolution on 19 Shaban 1435H (corresponding to 17 June 2014).

The objectives of the Company are to produce human medicines, nutraceuticals, antibiotics, general analgesics, medicines for treatment of cough, allergy, asthma, heart diseases, blood pressure, diarrhea, vomiting, ulcer and acidity, treatment of various skin infections, cancer diseases, eye drops and ointments and cosmeceuticals.

The Company registered its branch "In-life" in Jeddah on 7 Safar 1430 H (corresponding to 3 February 2009) with commercial registration number 4030186183, with the objective to trade perfumes and cosmetics products.

The Company registered its branch in Riyadh on 23 Rabi Alawal 1431 H (corresponding to 9 March 2010), commercial registration number 1010283686.

The Company registered a new scientific support office in Algeria on 24 Jumada Al thani 1429H (corresponding to 28 June 2008) based on a license number 03-22/F issued by the Ministry of Commerce in Algeria.

The Company registered a new scientific support office in Egypt on 18 Ramadan l430H (corresponding to 8 September 2010) based on a resolution number 481 issued by the Ministry of Health in Egypt.

The Company registered a new scientific support office in Kazakhstan, AlMaty, on 18 Sha'baan 1432H (corresponding to 19 July 2011) issued by Ministry of Justice in Kazakhstan.

These consolidated financial statements include the assets, liabilities and results of the operations of the Company and its following subsidiaries up to 31 December 2019G:

Name	Country of incorporation	Principal activity	Effective shareholding	
			2019G	2018G
Al Jamjoom Pharma for Pharmaceutical Industries	Egypt	Manufacture and distribution of pharmaceuticals	100%	100%
Jamjoom Pharmaceutical Industry and Commerce Company Limited (see below)	Turkey	Manufacture and distribution of pharmaceuticals	100%	100%

JAMJOOM PHARMACEUTICALS FACTORY
(A Closed Saudi Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2019G
(Expressed in Saudi Arabian Riyals)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (continued)

On 22 December 2010, the Company established a subsidiary in Turkey, namely Jamjoom Pharmaceutical Industry and Commerce Company Limited ("'JPIC'"), with 99.5% shareholding. The remaining 0.5% of the shareholding is held by Mr. Mahmood Yousef Mohammed Salah Jamjoom for and on behalf of the Company. As such the Company owns 100% of the shareholding in JPIC. Therefore, JPIC has been treated as fully owned subsidiary in these consolidated financial statements. There has been no operation for the year ended 31 December 2019G.

The Company established a subsidiary in Egypt, namely Al Jamjoom Pharma for Pharmaceutical Industries, with 99.5% shareholding. The remaining 0.5% of the shareholding is held by Mr. Mahmood Yousef Mohammed Salah Jamjoom for and on behalf of the Company. As such the Company owns 100% of the shareholding. Therefore, Al Jamjoom Pharma for Pharmaceutical Industries has been treated as fully owned subsidiary in these consolidated financial statements.

2. BASIS OF PREPARATION

a) Statement of compliance

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

b) Basis of measurement

These consolidated financial statements have been prepared using accrual basis of accounting, going concern concept and under the historical cost basis, except for defined benefit liability, which is measured at the fair value of plan assets less the present value of the defined benefit obligation, as explained in note 4(g).

c) Functional and presentation currency

The accompanying consolidated financial statements is presented in Saudi Arabian Riyals (SR) which is the functional and presentation currency of the Group. All amounts have been rounded off to the nearest Riyals, unless otherwise stated.

d) Critical accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

2. BASIS OF PREPARATION (continued)

Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements, is included in note 4 (a)(i) - whether the Group exercises control over an investee.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements are described below:

i) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. 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.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss.

Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

JAMJOOM PHARMACEUTICALS FACTORY
(A Closed Saudi Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2019G
(Expressed in Saudi Arabian Riyals)

2. BASIS OF PREPARATION (continued)

d) Critical accounting estimates and judgments (continued)

Assumptions and estimation uncertainties (continued)

ii) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

The Group assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group measures loss allowances at an amount equal to lifetime ECL.

iii) Provision for inventory obsolescence

The Group determines its provision for inventory obsolescence based upon historical experience, expected inventory turnover, inventory aging, current condition, and future expectations with respect to its consumption. Assumptions underlying the provision for inventory obsolescence include future sales trends, and the expected inventory requirements and inventory composition necessary to support these future sales and offerings. The estimate of the Group's provision for inventory obsolescence could materially change from period to period due to changes in the pattern of consumption and sale of pharmaceutical products.

iv) Useful lives of property, plant and equipment

The management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

2. BASIS OF PREPARATION (continued)

d) Critical accounting estimates and judgments (continued)

Assumptions and estimation uncertainties (continued)

v) Employee benefits – defined benefit obligation

Certain actuarial assumptions have been adopted as disclosed in note 14 to these consolidated financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

vi) Going concern

The Group'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 Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Measurement of fair values

'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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Group's management has overall responsibility for overseeing all significant fair value measurements.

Group's management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the evidence obtained from the third parties is assessed to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2. BASIS OF PREPARATION (continued)

d) Critical accounting estimates and judgments (continued)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group has initially applied IFRS 16 "Leases" from 1 January 2019G. A number of other new standards or amendments are also effective from 1 January 2019G but they do not have a material effect on the Group's financial statements. Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

a) Leases

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

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, 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. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

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 a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Leases (continued)

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (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. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES

Except for the adoption of IFRS 16 as set out in note 3, the following significant accounting policies set out below are applied consistently by the Group in preparing these consolidated financial statements in accordance with IFRS as endorsed in KSA.

a) Basis of consolidation

i) Business combinations

Business combinations (except for entities under common control) are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instrument issued and liabilities incurred or assumed at the date of exchange, and includes costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition. The excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is classified as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation (continued)

i) Business combinations (continued)

Acquisitions from entity under common control

Business combinations including entities or businesses under common control are measured and accounted for using book value. The assets and liabilities acquired are recognized at the carrying amounts as transferred from the controlling company's books of accounts. The components of equity of the acquired entity are added to the same components within the Group equity and any gain/loss arising is recognized directly in equity.

ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are consolidated in the financial statements from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases

All intra-Group balances, transactions, income and expenses resulting from intra-Group transactions are eliminated in full. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests (NCI) and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Changes in a Group's ownership interest in a subsidiary that does not result in a change in control, is accounted as equity transaction and the carrying amounts of the non-controlling interests is adjusted against the fair value of the consideration paid and any difference is recognized directly in equity under "Effect of transactions with non- controlling interests without change in control".

iii) Goodwill

Goodwill represents the difference between the cost of businesses acquired and the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill arising on acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation (continued)

iv) Non-controlling interests

Non-controlling interests represent the interest in subsidiary companies, not held by the Group which are measured at their proportionate share in the subsidiary's identifiable net assets. Transactions with non-controlling interest parties are treated as transactions with parties external to the Group.

Changes in Group's interest in a subsidiary as a result of transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, i.e. as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals / acquisition of non-controlling interests are also recorded in equity.

v) Investments in equity accounted investees

Associate is an entity in which the Group has significant influence, but not control, over the financial and operating policies. The Group's investment in associate is accounted for using the equity method. Under the equity method, the investment in associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate. Any change in Other Comprehensive Income (OCI) of the investee is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the Group's interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss in the consolidated statement of profit or loss and other comprehensive income. Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in associate, the carrying amount of that interest is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation (continued)

vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Financial instruments

vii) Non-derivative financial assets

The Group initially recognizes trade receivables and deposits on the date that they are originated. All other non-derivative financial assets are recognized initially on the trade date at which the

Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

The Group has the following non-derivative financial assets: Accounts receivable, cash and cash equivalents and investment as at amortised cost.

Accounts receivable

Accounts receivable are initially recognized when they are originated. Accounts receivable without a significant financing component is initially measured at the transaction price. Accounts receivable is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL (Fair value through profit and loss):

- it is held with a business model whose objective is to held assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks in current accounts and other short-term highly liquid investments with original maturities of three month or less, if any, which are available to the Group without any restrictions. Overdraft is net off against cash and cash equivalents.

i) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. Such financial liabilities are recognised initially at fair value minus, in case of financial liability not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities at FVTPL which are measured at fair value. Changes in fair value of liabilities at FVTPL, along with any interest expense are recognized in consolidated statement of profit or loss and other comprehensive income. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group has the following non-derivative financial liabilities: SIDF loan, trade payables and other current liabilities and other long term liabilities.

ii) Impairment on non-financial assets

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

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

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

iii) Offsetting

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Property, plant and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss. Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labour, any other 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, and borrowing costs on qualifying assets.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in the consolidated statement or profit or loss and other comprehensive income.

The cost of replacing a part of an item of property, plant 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 Group, 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 Property, plant and equipment are recognized in profit or loss as incurred.

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of individual items of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives of assets is as follow:

	Years
Buildings	33
Plant and machinery	4-10
Furniture and fixtures	10
Office equipment	6
Computer equipment	4-8
Motor vehicles	4

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required. For impairment assessment of property, plant and equipment, please refer policy on impairment of non-financial assets note 2(i).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Property, plant and equipment (continued)

Capital work-in-progress

Capital work-in-progress are carried at cost less any recognised impairment loss. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property and equipment category and is accounted for in accordance with the Group's policies.

d) Intangible assets

Intangible assets are measured on initial recognition at cost. Subsequently, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in consolidated statement of profit or loss and other comprehensive income category consistent with the function.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

e) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value comprises estimated selling price in the ordinary course of business, less any additional production costs for completion and appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

f) Provisions

A provision is recognized if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefit, 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Employees' benefits

Defined benefit plan

The Group's obligation under employees' end of service benefit plan is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. Measurements of the defined benefit liability, which comprise actuarial gains and losses are recognized immediately in other comprehensive income (OCI). The Group determines the net interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in personnel expenses in consolidated statement of profit or loss.

Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

h) Revenues

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15 and is given below:

Step 1 – Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met;

Step 2 – Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer;

Step 3 – Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties;

Step 4 – Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 – Recognize revenue when (or as) the entity satisfies a performance obligation.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Zakat and income tax

The Company is subject to Zakat in accordance with the regulations of General Authority of Zakat and Income Tax ("GAZT"). Foreign subsidiaries are subject to the relevant income tax regulations in their countries of domicile. Company's Zakat and its share in the foreign subsidiaries income tax are accrued and charged to the consolidated statement of income currently. Foreign income tax attributable to the foreign subsidiaries shareholders are charged to the minority shareholders in accompanying consolidated financial statements. Additional Zakat and foreign income tax liabilities, if any, related to prior years' assessments are accounted for in the period in which the final assessments are finalized. The Company withholds taxes on Transactions with non-resident parties.

Value added tax (VAT)

Assets and expenses are recognised net of amount of VAT, except that when VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

j) Deferred tax

Deferred tax is provided for, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted in the respective countries at the reporting date. Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised. The carrying amount of deferred tax assets are 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 to be utilised.

k) Finance cost

Finance costs comprise of financial charges on borrowings and unwinding of the discount on provisions that are recognized in consolidated statement of profit or loss and other comprehensive income. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in consolidated statement of profit or loss and other comprehensive income using the effective interest method.

l) Dividends

Final dividends are recorded in the financial statements in the year in which they are approved by shareholders of the Group. Interim dividends are recorded as liability in the year in which they are approved by the Board of Directors.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognises the financial liabilities when contractual obligations are discharged or cancelled or expired. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost.

Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

n) Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable costs, if any, and subsequently measured at amortised costs.

o) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortized cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognized in the consolidated statement of profit and loss over the period of the borrowings using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant asset.

p) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

The calculation of diluted EPS is based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available for sale equity instruments, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, arising on acquisition, are translated to Saudi Riyal at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Saudi Riyal at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income. When a foreign operation is disposed of, the relevant amount in the translation is transferred to profit or loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

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5. PROPERTY, PLANT AND EQUIPMENT

The movement in property and equipment during the year ended 31 December 2019G is analyzed as under:

	Land	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Capital work in progress	Total
Cost:									
Balance as at 1 January 2019G	59,731,331	150,700,473	409,411,796	15,585,876	3,104,944	6,813,266	11,793,450	84,593,130	741,734,266
Additions during the year	2,138,659	37,400	1,602,567	345,490	52,183	660,274	-	65,699,415	70,535,988
Transferred from capital work in progress	-	3,097,344	39,035,503	2,932,708	-	122,570	-	(45,188,125)	-
Disposals during the year	-	-	(550,457)	(153,334)	(183,930)	(823,850)	(5,629,950)	-	(7,341,521)
Foreign currency translation differences	607,340	-	20,269	203	-	9,459	-	803,874	1,441,145
Balance as at 31 December 2019G	**62,477,330**	**153,835,217**	**449,519,678**	**18,710,943**	**2,973,197**	**6,781,719**	**6,163,500**	**105,908,294**	**806,369,878**
Accumulated depreciation:									
Balance as at 1 January 2019G	-	28,528,466	214,776,530	7,541,687	1,975,039	5,239,563	8,943,110	-	267,004,395
Charge for the year	-	4,133,268	33,906,148	1,392,389	288,733	779,469	1,324,516	-	41,824,523
Transfer	-	-	-	99,484	9,264	63,444	-	-	172,192
Disposals during the year	-	-	(414,350)	(105,154)	(138,162)	(796,297)	(5,106,876)	-	(6,560,839)
Balance as at 31 December 2019G	-	32,661,734	248,268,328	8,928,406	2,134,874	5,286,179	5,160,750	-	302,440,271
Carrying value:									
At 31 December 2019G	**62,477,330**	**121,173,483**	**201,251,350**	**9,782,537**	**838,323**	**1,495,540**	**1,002,750**	**105,908,294**	**503,929,607**

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

The movement in property and equipment during the year ended 31 December 2018G is analyzed as under:

	Land	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Capital work in progress	Total
Cost:									
Balance as at 1 January 2018G	59,765,159	150,125,576	404,214,775	15,406,827	3,017,998	6,555,962	12,967,870	44,026,709	696,080,876
Additions during the year	--	83,500	4,406,169	173,427	95,764	238,294	188,450	41,621,617	46,807,221
Transferred from capital work in progress	--	491,398	637,453	45,405	--	37,800	--	(1,212,056)	--
Disposals during the year	--	--	--	(38,407)	(8,819)	(18,203)	(1,362,870)	--	(1,428,299)
Foreign currency translation differences	(33,828)	--	153,399	(1,376)	--	(587)	--	156,860	274,468
Balance as at 31 December 2018G	59,731,331	150,700,474	409,411,796	15,585,876	3,104,943	6,813,266	11,793,450	84,593,130	741,734,266
Accumulated depreciation:									
Balance as at 1 January 2018G	--	23,996,654	181,786,558	6,304,099	1,694,888	4,468,923	8,383,958	--	226,635,080
Charge for the year	--	4,531,811	32,989,973	1,265,435	288,018	786,476	1,900,621	--	41,762,334
Disposals during the year	--	--	--	(27,847)	(7,868)	(15,835)	(1,341,469)	--	(1,393,019)
Balance as at 31 December 2018G	--	28,528,465	214,776,531	7,541,687	1,975,038	5,239,564	8,943,110	--	267,004,395
Carrying value:									
At 31 December 2018G	**59,731,331**	**122,172,009**	**194,635,265**	**8,044,189**	**1,129,905**	**1,573,702**	**2,850,340**	**84,593,130**	**474,729,871**

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

5.1 Depreciation charge for the year ended 31 December has been allocated as follows:

	2019G	2018G
Cost of sales	**39,089,973**	37,622,459
Selling and distribution expenses (Note 22)	**1,924,747**	3,071,832
General and administration expenses (Note 23)	**809,803**	1,068,043
	41,824,523	41,762,334

5.2 Capital work-in-progress comprises the following:

	31 December 2019G	31 December 2018G
Equipment	**21,921,512**	46,350,963
Civil works	**53,254,404**	34,684,719
Advances for Civil works	**30,732,378**	3,557,448
	105,908,294	84,593,130

6. RIGHT-OF-USE ASSET

The movement in right-of-use asset during the year ended December 31, 2019G is analysed as under:

Cost	
Additions and as at December 31, 2019G	2,785,065
Accumulated depreciation	
Charge for the year and as at December 31, 2019G	(285,043)
Carrying value	
At December 31, 2019G	**2,500,022**
At December 31, 2018G	--

7. INTANGIBLE ASSETS

Intangible assets as at December 31 comprise of the following:

	31 December 2019G	31 December 2018G
Goodwill (Note 7.1)	**2,070,264**	1,856,791
Softwares (Note 7.2)	**1,956,084**	2,700,497
	4,026,348	4,557,288

7. INTANGIBLE ASSETS (continued)

7.1 Goodwill

The movement in goodwill during the year ended December 31, is analysed as under:

	31 December 2019G	31 December 2018G
Cost:		
Balance at 1 January	**1,856,791**	1,863,205
Foreign currency translation adjustment	**213,473**	(6,414)
Balance at 31 December	**2,070,264**	1,856,791

On 31 October 2014, the Company purchased 100% shares in Egyptian Canadian Company for Advanced Pharmaceutical Industries (S.A.E) ("ECAN") for a cash consideration of SR 31.55 million. During 2015, name of ECAN is changed to Al Jamjoom Pharma for Pharmaceutical Industries (S.A.E). The acquisition has been accounted for using the purchase method of accounting. The purchase consideration in excess of the fair value of the net assets acquired, amounted to SR 4.74 million, and represents goodwill.

The fair values of the identifiable assets of Al Jamjoom Pharma for Pharmaceutical Industries as at the date of acquisition were as follows:

	Fair value recognized on acquisition
Net assets acquired:	
Cash and bank balances	46,443
Financial investments for trading	7,294
Due from related parties	1,602,264
Property, plant and equipment	25,273,841
Payables and other credit balances	(100,275)
Due to related parties	(8,096)
Deferred tax liability	(4,568)
Total identifiable net assets at fair value	26,816,903
Goodwill	4,737,792
Purchase consideration	31,554,695

The Group has reviewed the carrying amounts of goodwill to determine whether their carrying values exceeds the recoverable amounts. For the impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a non-financial asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows based on 5 year management's approved plan, discounted to their present value using growth rates, pre-tax discount rates and terminal value percentages.

At 31 December 2019G, there was headroom available between the recoverable amount and the carrying value of above CGU; therefore, no impairment loss was recognised.

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7. INTANGIBLE ASSETS (continued)

7.2 Softwares

The movement in Softwares during the year ended December 31, is analysed as under:

	31 December 2019G	31 December 2018G
Cost:		
Balance at 1 January	**8,368,486**	8,494,800
Additions during the year	**460,040**	148,156
Foreign currency adjustments	--	(274,470)
Disposal during the year	**(1,090,133)**	--
Balance at 31 December	**7,738,393**	8,368,486
Accumulated amortization:		
Balance at 1 January	**5,667,989**	4,966,178
Amortization during the year	**443,371**	701,811
Disposal during the year	**(329,051)**	--
Balance at 31 December	**5,782,309**	5,667,989
Carrying value as at 31 December	**1,956,084**	2,700,497

Amortization charge for the year ended 31 December has been allocated as follows:

	2019G	2018G
Cost of sales	**243,247**	368,965
General and administrative expenses (Note 23)	**200,124**	332,846
	443,371	701,811

8. INVESTMENTS

Investments at December 31 comprised of the following :

	31 December 2019G	31 December 2018G
Investment in an equity accounted investee (Note 8.1)	**28,567,239**	28,567,239
Investment as at FVTPL (Note 8.2)	**9,375,000**	9,375,000
	37,942,239	37,942,239

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8. INVESTMENTS (continued)

8.1 Investment in an associate

In 2016, the Group has entered into an agreement with Hupp Pharma LLC (incorporated in Algeria) to establish a Company in Algeria, namely Jamjoom Hupp Pharma LLC. The Company has contributed to 49% of the share capital of Jamjoom Hupp Pharma LLC ("associate") for a cash consideration of SR 28,567,239. Accordingly, the equity interest of 49% is considered as investment in an associate.

The following table summarizes the latest available financial information of Jamjoom Hupp Pharma LLC as of 31 December and for the year then ended:

	31 December 2019G	31 December 2018G
Total assets	**59,073,973**	97,916,405
Total liabilities	**22,412,631**	60,642,964
Total shareholders' equity	**36,661,342**	37,273,002
Carrying amount of the investment	**28,567,239**	28,567,239
Total loss for the year	**(507,006)**	(144,077)
The Group's share of loss for the year	**(248,433)**	(70,598)

8.2 Investment as at FVTPL

During the year 2018G, Group purchased shares of Biothera Holding Corporation ("BHC") incorporated in United States of America on 25 April 2018G amounting to SR 9,375,000. BHC operates in the Healthcare industry focusing on Biotechnology business. BHC was founded in 2013 and is based in Eagan, Minnesota, United States of America and registered as a privately held Corporation in Minnesota with registration number 411881351. The Group has subscribed for 2,173,913 shares at offer price of US$ 1.15 per share, equal to US$ 2,500,000 equivalent to SR 9,375,000.

The Company signed an agreement "License Agreement" with Biothera dated April 7, 2014. As per the agreement, the Company will have the exclusive license for distribution of the product once it is successful for the GCC region. As per the terms agreed, the Company made an upfront payment of US$ 1.5 Million. As per the agreement Biothera is liable to payback upfront fee to the Company in case the Biothera is not able to get first approval from United States Food and Drug Administration (FDA) / United States-European Medicines Agency (EMA) within five years from the date of agreement.

Biothera Holding Corporation has not commenced its operations and is currently in research phase for the development of the product. The Company believes that product research and development is long process which may take more than a year. As at the reporting date, the fair value of the investment as at FVTPL is not materially different from its carrying value.

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9. INVENTORIES

Inventories as at December 31, comprise the following:

	31 December 2019G	31 December 2018G
Raw materials	**29,274,121**	37,295,139
Packing materials	**20,127,788**	22,784,629
Work in process	**2,881,087**	2,257,726
Finished goods	**38,581,812**	65,838,492
Goods in transit	**5,052,335**	3,960,113
Stores and spares, net	**5,445,167**	4,315,575
	101,362,310	136,451,674
Provision for inventories (note 9.1)	**(10,772,402)**	(14,067,120)
	90,589,908	122,384,554

9.1 Movement of provision for slow moving and obsolete inventories is as follows:

	2019G	2018G
Balance at 1 January	**14,067,120**	12,824,183
Provided during the year	**13,063,870**	1,242,937
Write off during the year	**(16,358,588)**	--
Balance at 31 December	**10,772,402**	14,067,120

10. TRADE AND OTHER RECEIVABLES

Trade receivables as at December 31, comprise the following:

	31 December 2019G	31 December 2018G
Trade receivables, net (Note 10.1)	**409,967,242**	347,951,814
Prepayments and other current assets (Note 10.3)	**33,889,910**	37,678,636
Due from related parties (Note 19)	**1,298,439**	6,735,057
	445,155,591	392,365,507

10.1 Trade receivables, net

	31 December 2019G	31 December 2018G
Trade receivables – others	**193,339,520**	145,708,306
Trade receivables – related parties (Note 19)	**237,332,534**	223,172,613
	430,672,054	368,880,919
Less: Allowance for expected credit losses (Note 10.2)	**(20,704,812)**	(20,929,105)
	409,967,242	347,951,814

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10. TRADE AND OTHER RECEIVABLES (continued)

10.2 The movement in allowance for expected credit losses is as follows:

	2019G	2018G
Balance at 1 January	**20,929,105**	4,430,592
Impact of adoption of IFRS 9	--	15,431,993
Charge for the year (Note 23)	--	1,074,286
Reversal for the year	**(90,019)**	--
Write off during the year	**(134,274)**	(7,766)
Balance at 31 December	**20,704,812**	20,929,105

The ageing of gross trade receivable is as follows:

	Total	Neither past due nor impaired	Past due but not impaired				
			0-90 days	90-180 days	180-270 days	270-360 days	361 days and above
31 December 2019G	**430,672,054**	**240,221,682**	**63,612,875**	**14,061,348**	**56,580,052**	**11,506,452**	**44,689,645**
31 December 2018G	368,880,919	172,158,790	113,067,186	22,935,808	23,590,924	809,263	36,318,948

The Group does not have any collateral over receivables and accordingly are unsecured.

Unimpaired trade receivables are expected, on the basis of past experience to be fully recoverable.

The Group's exposure to credit and currency risks, and impairment losses related to trade and other receivables, is disclosed in note 27.

10.3 Prepayments and other current assets

	31 December 2018G	31 December 2016
Advance to suppliers	**13,928,891**	15,763,082
Employees' receivables	**11,532,291**	12,009,043
Prepayments	**2,892,113**	2,325,208
VAT receivable	**2,757,693**	4,448,603
Deposits	**1,272,690**	1,278,457
Margin deposit on letters of guarantee	**11,445**	19,704
Others	**1,494,787**	1,834,539
	33,889,910	37,678,636

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11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31 comprise of following:

	31 December 2018G	31 December 2016
Cash on hand	**35,720**	49,219
Cash at banks - current accounts	**180,535,646**	146,970,558
	180,571,366	147,019,777

12. SHARE CAPITAL

As at December 31, 2019G the share capital is divided into 10,000,000 shares (2018G: 10,000,000 shares) of SR 10 each held and owned by:

	Percentage of ownership	31 December 2019G	31 December 2018G
Mr. Yousef Mohammad Salah Jamjoom	59.5%	**59,500,000**	59,500,000
Mr. Mahmood Yousef Mohammed Salah Jamjoom	8%	**8,000,000**	8,000,000
Mr. Walid Yousef Mohammed Salah Jamjoom	6.5%	**6,500,000**	6,500,000
Mr. Mohammed Yousef Mohammed Salah Jamjoom	6.5%	**6,500,000**	6,500,000
Mr. Ahmed Yousef Mohammed Salah Jamjoom	6.5%	**6,500,000**	6,500,000
Ms. Sana Yousef Mohammed Salah Jamjoom	6.5%	**6,500,000**	6,500,000
Ms. Ala'a Yousef Mohammed Salah Jamjoom	6.5%	**6,500,000**	6,500,000
	100%	**100,000,000**	100,000,000

During the year ended 31 December 2019G, dividend amounting to SAR 86 million (2018G: SAR 100 million) was distributed to the shareholders.

13. STATUTORY RESERVE

In accordance with the Company's By-laws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company transfers 10% of the net income for the year to statutory reserve until such reserve equals 30% of its share capital. This reserve currently is not available for distribution to the shareholders of the Company.

The statutory reserve requirement has been fulfilled and, accordingly, the Company is not required to transfer any additional amount towards this reserve.

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14. SIDF LOAN

The movement in loan from SIDF as at December 31, comprise the following:

	31 December 2019G	31 December 2018G
SIDF loan	**48,900,000**	58,900,000
Less: SIDF loan paid during the year	**(14,000,000)**	(10,000,000)
Less: unamortized portion of fee paid	**(1,154,290)**	(2,316,901)
	33,745,710	46,583,099
Less: current portion	**16,000,000**	(14,000,000)
Non-current portion	**17,745,710**	32,583,099

The maturity profile of SIDF loan is as follows:

	31 December 2019G	31 December 2018G
Year end		
2019G	--	14,000,000
2020G	**16,000,000**	16,000,000
2021G	**18,900,000**	18,900,000
	34,900,000	48,900,000

The Company signed a long term loan agreement with Saudi Industrial Development Fund (SIDF) for an amount of SR 72.9 million to partly finance the expansion project of the factory. The loan was received during the year net of upfront fee of SR 5.5 million. And this amount will be amortised over the remaining period of the loan. The SIDF loan is secured by mortgage on the Company's existing property, plant and equipment and the new projects and the personal guarantees from the shareholders.

15. EMPLOYEES' END OF SERVICE BENEFITS

The Company operates an approved unfunded employees' end of service benefits scheme / plan for its permanent employees as required by the Saudi Arabian Labor law.

The amount recognized in the statement of financial position is determined as follows:

	31 December 2019G	31 December 2018G
Defined benefit obligations	**64,035,230**	56,204,686

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15. EMPLOYEES' END OF SERVICE BENEFITS (continued)

15.1 Movement in net defined benefit obligation

Net defined benefit liability comprises only of defined benefit obligation. The movement in the defined benefit obligation over the year is as follows:

	2019G	2018G
Balance at 1 January	**56,204,686**	50,463,752
Included in statement of profit or loss		
Current service cost	**6,769,018**	7,640,511
Interest cost	**2,584,775**	1,458,600
	9,353,793	9,099,111
Included in other comprehensive income		
Re-measurement loss / (gain):		
Actuarial loss arising from changes in assumptions	**2,180,873**	307,498
Benefits paid	**(3,704,122)**	(3,665,675)
Balance at 31 December	**64,035,230**	56,204,686

15.2 Actuarial assumptions

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

	31 December 2019G	31 December 2018G
Discount rate	**3.43%**	4.6% p.a.
Future salary growth / Expected rate of salary increase	**3.60%**	3.6% p.a.
Retirement age	**60 years**	60 years
Number of employees	**963**	971
Mortality rate	**0.08% to 0.11%**	0.75% to 7.52%

15.3 Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2019G	2018G
Discount rate (+0.5% movement)	**59,743,203**	56,190,764
Discount rate (-0.5% movement)	**69,307,294**	53,880,097

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16. LEASE OBLIGATION

As at December 31 the net present value of the finance lease liabilities is as follows:

	2019G				2018G
	Minimum lease payments	Interest	Advance payments	Present value of minimum lease payments	Present value of minimum lease payments
Lease obligation	2,785,065	17,103	(302,146)	2,500,022	--

The lease liabilities have been presented in statement of financial position is as follows:

	December 31, 2019G	December 31, 2018G
Current liability	272,498	--
Non-current liability	2,227,524	--
Total liability	2,500,022	--

The minimum lease payments together with the present value of minimum lease payments as of December 31 are as follows:

	2019G		2018G	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within twelve months	347,255	272,498	--	--
One to five years	2,838,622	2,227,524	--	--
Total minimum lease payments	3,185,877	2,500,022	--	--
Less: finance charges	(685,855)	-	--	--
Present value of minimum lease payments	2,500,022	2,500,022	--	--

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17. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Trade and other payables at December 31, comprise the following:

	31 December 2019G	31 December 2018G
Trade payables	**16,830,610**	14,183,894
Accruals and other current liabilities (Note 17.1)	**78,533,674**	72,743,378
Due to related parties (Note 19)	**1,303,970**	810,951
	96,668,254	87,738,223

17.1 Accruals and other current liabilities

	31 December 2019G	31 December 2018G
Employee related accruals	**26,119,135**	28,406,959
Accrued commission and discount payable	**15,050,255**	8,331,033
Accrued sales and marketing expenses	**7,842,414**	4,836,786
Customer advances	**4,681,899**	9,942,273
Retention payable	**3,230,371**	1,823,256
Accrued Utilities bills	**530,455**	1,257,496
Others	**21,079,145**	18,145,575
	78,533,674	72,743,378

18. ZAKAT AND INCOME TAX PAYABLE

a) Parent Company

Zakat base

The significant components of Zakat base for the year ended 31 December comprise of the following:

	31 December 2019G	31 December 2018G
Equity	**912,630,280**	1,043,003,942
Provisions	**73,204,446**	95,170,101
Loan	**36,245,732**	--
Book value of non-current assets	**(553,843,383)**	(468,870,883)
Zakat base	**468,237,075**	669,303,160
Zakat Base (365)	**482,786,815**	669,303,160
Net adjusted income	**202,071,287**	186,530,591
Zakat base	**684,858,102**	669,303,160
Zakat charge for the year	**17,121,453**	16,732,579

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18. ZAKAT AND INCOME TAX PAYABLE (continued)

	31 December 2019G	31 December 2018G
Balance at 1 January	**16,945,895**	12,989,808
Charge for the year	**17,510,734**	15,896,842
Adjustment during the year	--	(1,335,941)
	17,510,734	15,396,638
Paid during the year	**(17,335,176)**	(18,994,489)
Balance at 31 December	**17,121,453**	16,961,161

Status of assessments

The Zakat assessments have been agreed with the General Authority of Zakat and Tax ("GAZT") for the years up to 31 December 2015. The Zakat assessment for the years ended 31 December 2016 and 31 December 2017G have been raised by the GAZT, company have accepted the assessment partially and submit the objection letter for rest of the amount.

Income tax

Income tax is calculated in accordance with the applicable tax laws of the foreign subsidiary.

19. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Group's shareholders, associates and affiliated companies, other entities related to certain consolidated subsidiaries and key management personnel of the Group. Terms and conditions of these transactions are approved by the Group's management. All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash.

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			31 December 2019G	31 December 2018G	31 December 2019G	31 December 2018G
Due from related parties under trade and other receivables:						
Jamjoom Medicine Stores	Affiliate	Sale of products	**345,975,344**	349,329,342		
		Distribution commission	**23,484,798**	23,679,529	**237,332,534**	223,172,613
Abdul Latif and Brothers Holding	Affiliate	Expenses paid	**6,523,491**	15,000,000	**1,010,697**	6,523,491
Jamjoom Medicine Stores	Affiliate	Expenses paid	**256,566**	211,566	**256,566**	211,566
New Jamjoom Healthcare Hospital	Affiliate	Expenses paid	**31,177**	--	**31,177**	--
					1,298,439	6,735,057

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19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			31 December 2019G	31 December 2018G	31 December 2019G	31 December 2018G
Due to related parties under trade payables and other current liabilities:						
Jamjoom General Agencies	Affiliate	Purchases and services rendered	**1,083,822**	3,058,441	**229,790**	220,564
Dar Jamjoom Printing	Affiliate	Purchases and services rendered	**4,697,111**	3,607,559	**1,065,275**	556,785
Jeddah Trident Hotel	Affiliate	Purchases and services rendered	**155,744**	306,348	**8,905**	33,602
					1,303,970	810,951

Key management personnel remuneration and compensation

Compensation to Group's key management personnel includes salaries, non-cash benefits, and contributions to post-employment defined benefit plan. The following table illustrates details of remuneration and compensation paid to key management personnel:

	2019G	2018G
Short-term employee benefits	**6,163,907**	5,732,385

Board of Directors / Committee members' remuneration

Board of Directors remuneration and compensation comprised of the following:

	2019G	2018G
Meeting attendance fees	**216,000**	160,000

20. COMMITMENTS AND CONTINGENCIES

In addition to Zakat and income tax contingency matters disclosed in Note 18, the Group has the following contingencies and commitments:

	31 December 2019G		31 December 2018G	
	Contingent liability	Cash margins	Contingent liability	Cash margins
Letters of credit	--	--	258,377	--
Letters of guarantee (note 10.3)	**7,913,401**	**11,445**	6,232,289	19,704
Contractual commitments	**92,336,927**	--	65,337,479	--

The contractual commitments represent the Company's commitments related to construction and electromechanical contracts related to works in progress not yet completed (note 5).

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21. REVENUE

Revenue for the year ended December 31, comprise the following:

	31 December 2019G	31 December 2018G
Local	**507,294,402**	488,918,307
Export	**309,205,045**	278,776,766
	816,499,447	767,695,073
Trade discounts	**(84,766,297)**	(66,395,070)
	731,733,150	701,300,003

22. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the year ended December 31, comprise the following:

	31 December 2019G	31 December 2018G
Salaries and employee related costs	**70,023,374**	80,327,585
Distribution expenses	**74,370,041**	72,760,238
Brand reminders, free medical samples and promotion	**55,665,159**	66,549,848
Travelling and communication	**8,100,098**	10,508,738
Depreciation (Note 5.1)	**1,924,747**	3,071,832
Others	**3,788,244**	4,246,698
	213,871,663	237,464,939

23. GENERAL AND ADMINISTRATION EXPENSES

General and administration expenses for the year ended December 31, comprise the following:

	31 December 2019G	31 December 2018G
Salaries and employee related costs	**24,187,049**	22,466,382
Travelling and communication	**1,932,501**	1,933,631
Depreciation (Note 5.1)	**809,803**	1,029,453
Amortisation (Note 7)	**200,124**	332,846
Allowance for expected credit losses (Note 10.2)	--	1,074,286
Pre-operating expenses	--	170,841
Others	**6,824,731**	6,595,983
	33,954,208	33,603,422

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24. OTHER INCOME / (EXPENSE), NET

Other income / (expenses) for the year ended December 31, comprise the following:

	31 December 2019G	31 December 2018G
Gain on disposal of property, plant and equipment	**324,347**	139,430
Others	**703,834**	(387,967)
	1,028,181	(248,537)

25. FINANCE INCOME / (CHARGES), NET

Finance income / (charges) for the year ended December 31, comprise the following:

	31 December 2019G	31 December 2018G
Unwinding of SIDF loan fee	**(1,162,612)**	(1,444,302)
Others	**1,265,307**	(3,771,915)
	102,695	(5,216,217)

26. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue outstanding during the period.

	31 December 2019G	31 December 2018G
Profit for the period attributable to shareholders of the Parent Company	**156,931,138**	150,836,439
Weighted average number of ordinary shares in issue	**10,000,000**	10,000,000
Basic and diluted earnings per share	**15.69**	15.08

The diluted EPS is same as the basic EPS as the Group does not have any dilutive instruments in issue.

27. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies and evaluates financial risks in close cooperation with the Group's operating units. The most important types of risk are market risk, credit risk and liquidity risk.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial instruments carried on the consolidated statement of financial position include cash and cash equivalents, accounts receivables, other receivables, SIDF loan, accounts payable, accrued expenses and other financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and liability is offset and net amount reported in the financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intend either to settle on a net basis, or to realize the asset and liability simultaneously.

Market risk

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

27. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial positions and cash flows.

The Group's interest rate risks arise mainly from its borrowings which are at floating rate of interest and are subject to re-pricing on a regular basis and for which the management closely monitors the changes in interest rates.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	31 December 2019G	31 December 2018G
Variable rate instruments		
Financial liabilities		
Borrowings – SIDF loan	**34,900,000**	48,900,000

Sensitivity analysis for variable rate instruments

Change in 10 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before zakat and income tax for the year by SR 3,490,000 (31 December 2018G: SR 4,890,000).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates for its transactions principally in Saudi Riyals, US Dollars, Algerian Dinar, Egyptian Pound, Turkish Lira, Swiss Franc, Japanese Yen, UAE Dirham and Euros. The Group is exposed to foreign exchange risk. The Group's other financial liabilities are exposed to currency translation risk. Currently, such exposures are mainly related to exchange rate movements between Saudi Riyals and Euros. Since Saudi Riyals is pegged with US Dollars, the Group is not exposed to currency risk for the transactions denominated in US Dollars.

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27. FINANCIAL RISK MANAGEMENT (continued)

The Group's management monitors such fluctuations and manages its effect on the consolidated financial statements accordingly. Significant exchange rates applied during the year were as follows:

	Average rate		Spot rate	
	For the year ended 31 December		For the year ended 31 December	
	2019G	2018G	2019G	2018G
Foreign currency per Saudi Riyal				
Euros	**0.2381**	0.2276	**0.237522**	0.2329
Algerian Dinar	**31.8354**	31.2309	**0.031500**	31.6452
Egyptian Pound	**4.4831**	4.7670	**4.2746**	4.7820
Turkish Lira	**0.661**	1.2094	**1.586621**	1.4091
Swiss Franc	**3.7756**	0.2612	**0.258085**	0.2625
Japanese Yen	**29.0629**	29.6500	**28.981178**	29.3510
UAE Dirham	**0.9793**	0.9789	**0.979333**	0.9793

Sensitivity analysis

Every 1% increase or decrease in exchange rate with all other variables held constant will decrease or increase profit before Zakat and income tax for the year by SR 5,216 (31 December 2018G: SR 4,440).

Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group exposure to any price risk is not material.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery which is based on customer profile and payments history. Outstanding customer receivables are regularly monitored. The Group's maximum exposure to credit risk at the reporting date is as follows:

	31 December 2019G	31 December 2018G
Financial assets		
Trade receivables	409,967,242	368,880,919
Other receivables	11,532,291	12,009,043
Due from related parties	1,298,439	6,735,057
Bank balance	180,571,366	146,970,558
Total	603,369,338	534,595,577

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27. FINANCIAL RISK MANAGEMENT (continued)

Credit risk on receivable and bank balances is limited as:

- Cash balances are held with banks with sound credit rating.
- The Group does not a policy to obtain security / collaterals from its customers.

As at 31 December 2019G, four largest customers (31 December 2018G: four largest customers) account approximately for 85% (31 December 2018G: 84%) of gross outstanding trade receivables. However, the Company assessed the concentration of risk with respect to accounts receivable and concluded it to be low.

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

The Group's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. For this purpose, the Group has maintained credit lines with various commercial banks in order to meet its liquidity requirements.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

	Contractual cash flows					
31 December 2019G	Carrying amount	Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years
Financial liabilities						
SIDF loan	34,900,000	8,000,000	8,000,000	18,900,000	--	--
Trade payables and other current liabilities	96,668,254	96,668,254	--	--	--	--
	131,568,254	**131,568,254**	**8,000,000**	**18,900,000**	**--**	**--**

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27. FINANCIAL RISK MANAGEMENT (continued)

	Contractual cash flows					
31 December 2018G	Carrying amount	Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years
Financial liabilities						
SIDF loan	48,900,000	7,000,000	7,000,000	34,900,000	--	--
Trade payables and other current liabilities	87,738,223	87,738,223	--	--	--	--
	136,638,223	**94,738,223**	**7,000,000**	**34,900,000**	**--**	**--**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, trade and other payables, less cash and bank balances. Capital signifies equity as shown in the consolidated statement of financial position plus net debt. The gearing ratio as at 31 December 2019G and 31 December 2018G is as follows:

	31 December 2019G	31 December 2018G
Total liabilities	**214,119,435**	207,487,169
Cash and cash equivalents	**(180,571,366)**	(147,019,777)
Net debt	**33,548,069**	60,467,392
Total equity	**1,069,515,278**	999,773,661
Net debt to adjusted equity ratio - %	**3%**	6%

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27. FINANCIAL RISK MANAGEMENT (continued)

Fair value of assets and liabilities

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same instrument (i.e., without modification or repacking):

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data.

Level 3: valuation techniques for which any significant input is not based on observable market data.

As at December 31, 2019G, the fair values of the Group's financial instruments are estimated to approximate their carrying values.

28. NEW STANDARDS, AMENDMENTS TO STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective as at 31 December 2019G are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Following is a brief on the new IFRS and amendments to IFRS, effective for annual periods beginning on or after 1 January 2019G:

Standards, interpretations and amendments adopted

IFRS 16 – Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

28. NEW STANDARDS, AMENDMENTS TO STANDARDS AND STANDARDS ISSUED AND NOT YET EFFECTIV (continued)

The Company adopted IFRS 16 using the simple modified method of adoption with the date of initial application of January 1, 2019G and therefore comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. Under this method, the lease liability is measured based on the remaining lease payments discounted using the incremental borrowing rate as of the date of initial application; and the carrying amount of the right-of-use asset is an amount equal to the carrying amount of the lease liability on the date of initial application. Any prepayments, accruals or lease incentives relating to previous operating lease are adjusted against the right of use asset at the initial application date.

The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). In addition, the Company has also used practical expedients to apply a single discount rate to a portfolio of leases with similar characteristics and excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

Reconciliation of lease liability

At the date of initial application, the Company recognized right-of-use asset and lease liability of SR 2.7 million. The weighted average rate applied is 4.5%.

The impact of adoption of IFRS as at January 1, 2019G is as follows:

Minimum lease payments	**3,890,502**
Effect of discounting using the incremental borrowing rate	**(704,625)**
Liabilities recognized based on application of IFRS 16	**3,185,877**

Impact on comprehensive income

During the year ended December 31, 2019G, due to the adoption of IFRS 16 – leases, the Company's

rentals decreased by SAR 235,399, interest expense has increased by SAR 17,103, net profit has increased by SAR 235,399 and operating profit has increased by SAR 252,502.

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28. NEW STANDARDS, AMENDMENTS TO STANDARDS AND STANDARDS ISSUED AND NOT YET EFFECTIV (continued)

Standards issued but not yet effective

Standard / Interpretation	Description	Effective from periods beginning on or after the following date
Conceptual Framework	Amendments to References to Conceptual Framework in IFRS Standards	January 1, 2020G
IFRS 3	Definition of a Business (amendments to IFRS 3)	January 1, 2020G
IAS 1 and IAS 8	Definition of Material (amendments to IAS 1 and IAS 8)	January 1, 2020G
IFRS 17	Insurance contracts	January 1, 2021G
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

The Company is currently assessing the implications of adopting the above-mentioned standards, amendments or interpretations on the Company's financial statements on adoption.

29. SUBSEQUENT EVENTS

The spread of novel coronavirus (COVID-19) across multiple geographies was confirmed in early 2020G, causing disruptions to businesses and economic activities. The Group considers this outbreak to be a non-adjusting post balance sheet event. At this early stage, the Group is in the process of assessing any potential impact. The management and those charged with governance will continue to monitor the situation and accordingly update all stakeholders as soon as more information is available. Changes in circumstances may require enhanced disclosures or recognition of adjustments in the consolidated financial statements of the Group in the financial year 2020G.

30. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorized for issue by the Board of Directors on 18 Shawwal 1441H, corresponding to 10 June 2020G.