

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Shalfa International for Trading and
Contracting Company
Limited Liability Company
Riyadh – Kingdom Of Saudi Arabia
Financial Statement and Auditor's Report
As At 31 December 2020

HAMAD AL-AUFI
Chartered Accountants &
Financial Consultants
LC.NO.:(264)

Member of **agn** International



حمد العوفي
محاسبون قانونيون ومستشارون ماليون
ترخيص رقم (٢٦٤)
عضو مجموعة **agn** العالمية

Shalfa International for Trading and Contracting
Limited Liability Company
Riyadh - Kingdom of Saudi Arabia
Financial Statement and Auditor's Report
As At 31 December 2019

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Date : 06 / 06 / 20 21

التاريخ : ٢٥ / ١٠ / ١٤٤٢ هـ

Auditor's Report

TO: Shalfa International for Trading and Contracting Company
(Limited Liability Company)
Riyadh – Kingdom of Saudi Arabia

Dear Sir,

Opinion:

We have audited the accompanying balance sheet of **Shalfa International for Trading and Contracting Company (Limited Liability Company)** of December 31,2020 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes from (1) to (26) the financial statements, including a summary of significant accounting policies. In our opinion, expect the effect of the matter describe in qualified opinion the financial statements of the Company are prepared, in all material respects, in accordance international financial reporting standard endorsed by the Saudi organization for certified public accountant (Scopa) .

Basis for Opinion:

We conducted our audit in accordance with International Standards on Auditing (ISAs) endorsed by the Saudi organization for chartered and professional accountants (Socpa) Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in [jurisdiction], and we have fulfilled our other 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 Financial

Management is responsible for the preparation of the financial statements in accordance with Statements 47 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance Representing the Company general manager are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities

for the Audit of the Financial Statements Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs endorsed by the Saudi organization for chartered and professional accountants (Socpa) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs endorsed by the Saudi organization for certified public accountant (Socpa), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



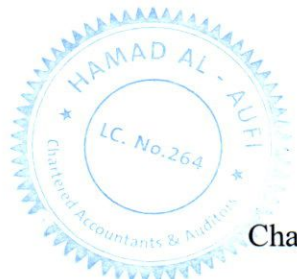
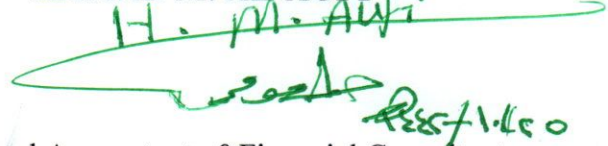
- Conclude on the appropriateness of management's use of the going concern basis

of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. 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.

Report on Other Legal and Regulatory Requirements

We check the Company management confirmation that all data has been input in the accounting software and all financial data shows in the financial statements agrees with the reports extracted from the accounting software.

We draw attention to Note (15) of the financial statements, shows the owners current accounts is debit by an amount of SAR (22,879) twenty-two thousand and eight hundred seventy-nine Saudi riyal.

**HAMAD M. AL-AUFI**

Chartered Accountants & Financial Consultants

(License No. 264)

Shalfa International For Trading And Contracting Company L.T.D
(Limited Liability Company) Kingdom of Saudi Arabia
Balance Sheet As At December 31,2020

<u>Description</u>	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<u>Property, plant and equipment</u>			
Property, plant and equipment (Net)	6	6.054.935	5.364.825
Investment		751.400	751.400
Investment In Subsidiaries	7	3.585.629	2.404.237
Total non Current Assets		10.391.964	8.520.462
<u>Current Assets</u>			
Cash and cash equivalents	8	12.320.431	4.110.936
Amounts due from debtors	9	34.858.444	23.562.345
Prepaid Expenses		915.629	865.154
Other Accounts Receivable	10	7.242.469	4.611.705
Due from Related Parties	15	10.115.843	11.290.404
Merchandise stock		780.665	0
Total Current Assets		66.233.481	44.440.544
Total Assets		76.625.445	52.961.006
<u>Owner's Equity</u>			
Capital	4	300.000	300.000
The additional capital	5	12.000.000	0
Statutory Reserve		150.000	150.000
Retained Earnings		23.641.300	9.299.579
Total Owner's Equity		36.091.300	9.749.579
<u>Non Current Liabilities</u>			
End of service provision	11	7.239.701	5.128.587
Long-term Loans	14	10.046.240	26.820.814
Total Non Current Liabilities		17.285.941	31.949.401
<u>Current Liabilities</u>			
Long-term loans rolling part		7.811.901	0
Credit bank		2.351	519.060
Short-term Loan	14/A	2.559.147	2.549.841
Amounts due to creditors	12	2.355.130	1.303.845
Advances from Customers		3.439.100	0
Accrued Expense		2.666.489	4.932.712
Other Accounts Payable	13	2.974.211	917.884
Due to Related Parties		0	354.320
Accrude VAT		584.433	218.493
Zakat Provision		855.442	465.871
Total Current Liabilities		23.248.204	11.262.026
Total Liabilities		40.534.145	43.211.427
Total Liabilities And Equity		76.625.445	52.961.006

The Accompanying Form An Integral Part Of These Financial Statements ,

Shalfa International For Trading And Contracting Company L.T.D
(Limited Liability Company)
Kingdom of Saudi Arabia

Comprehensive Income Statement

As at 31,12,2020

<u>Description</u>	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Revenues	16	115.764.871	76.557.967
Less (-)			
Cost Of Revenue	17	(91.665.264)	(63.314.528)
		-----	-----
Gross Profit		24.099.607	13.243.439
Add (+)			
Currency differences profit		25.297	0
Other Revenues		947.110	2.671.741
Income from Investment In Subsidiaries		1.181.392	1.917.943
		-----	-----
Adjusted gross profit		26.253.406	17.833.123
Less (-)			
General & Administrative Expenses	18	(8.382.241)	(6.751.796)
Depreciation		(168.564)	(183.647)
Finance expenses		(2.505.438)	(1.759.869)
		-----	-----
Net Income (loss) befor zakat		15.197.163	9.137.811
Less (-)			
Zakat	19	(855.442)	(383.601)
		-----	-----
Net Income (loss) For The Year		14.341.721	8.754.210
Other comprehensive income		0	0
		-----	-----
Net comprehensive income		14.341.721	8.754.210
		-----	-----

The Accompanying Form An Integral Part Of These Financial Statements ,

Shalfa International For Trading And Contracting Company L.T.D
(Limited Liability Company)
Kingdom of Saudi Arabia
Statement Of Changes In Equity
As At December 31,2020
(Saudi Riyals)

Description	Capital	The additional capital	Statutory Reserve	Retained Earnings	Total
Equity As Of 01/1/2019	300.000	0	150.000	19.545.369	19.995.369
Distributed Profit	0	0	0	(19.000.000)	(19.000.000)
Net Income Comprehensive For the Year	0	0	0	8.754.210	8.754.210
Total OE As Of 31/12/2019	300.000	0	150.000	9.299.579	9.749.579
Equity As Of 01/1/2020	300.000	0	150.000	9.299.579	9.749.579
The additional capital	0	12.000.000	0	0	12.000.000
Distributed Profit	0	0	0	0	0
Net Income Comprehensive For the Year	0	0	0	14.341.721	14.341.721
Total OE As Of 31/12/2020	300.000	12.000.000	150.000	23.641.300	36.091.300

The Accompanying Form An Integral Part Of These Financial Statements ,

Shalfa International For Trading And Contracting Company L.T.D
(Limited Liability Company)Kingdom of Saudi Arabia

Statement Of Cash Flow As at 31,12,2020

<u>Description</u>	<u>2020</u>	<u>2019</u>
Cash Flow From Operating Activities		
Net comprehensive Income	14.341.721	8.754.210
Adjustment For Non Cash Items :		
Depreciation	2.004.573	1.222.035
End of service provision	2.111.114	1.637.308
Zakat provision	855.442	383.601
Year income	19.312.850	11.997.154
Change In Operating Assets And Liabilities :		
Amounts due from receiveale	(11.296.099)	(4.599.711)
Prepaid Expense	(50.475)	303.599
Other Accounts Receivable	(2.630.764)	(3.619.191)
Due from related Parties	1.174.561	(3.475.311)
Stock	(780.665)	0
Credit bank	(516.709)	519.060
Amounts due to Payable	1.051.285	646.436
Receivable advance payments	3.439.100	(2.746.194)
Accrued Expense	(2.266.223)	849.986
Other Accounts Payable	2.056.327	797.805
Due to related Parties	(354.320)	354.320
Accrued VAT	365.940	(216.154)
Payment Of Zakat	(465.871)	(454.531)
Net Cash From Operating Activities	9.038.937	357.268
Investing Activities		
Addition of fixed Assets	(2.694.683)	(4.358.624)
Fixed Assets Elimination	0	0
Investment In Subsidiaries	(1.181.392)	(1.937.943)
Investment	0	(751.400)
Net Cash From Investing Activities	(3.876.075)	(7.047.967)
Financing Activities		
The additional capital	12.000.000	0
Dividends	0	(19.000.000)
Short term loans	9.306	(1.706.423)
Long-term loans rolling part	7.811.901	0
Long term loans	(16.774.574)	24.308.611
Net Cash Flow From Financing Activities	3.046.633	3.602.188
Net Increase (Decrease) In Cash	8.209.495	(3.088.511)
Cash Balance Beginning Of The Year	4.110.936	7.199.447
Cash Balance At The End Of The Year	12.320.431	4.110.936

The Accompanying Form An Integral Part Of These Financial Statements ,

**Shalfa International For Trading And Contracting Company L.T.D LTD
(Limited Liability Company)**

Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended

31/12/2020

1- Company Legal Entity :-

Shalfa International For Trading And Contracting Company L,T,D Is A Saudi Limited Liability Company Under Commercial Registration No (1010257249) And Dated 25/10/1429 (H) Issued By The City Of Riyadh .

The Company Has Two Branches Under Commercial Registration Following :

- No (1010325440) And Dated 21/02/1433 (H) With The Name Branch Shalfa International For Trading And Contracting Company
- No (1010463285) And Dated 06/11/1437 (H) With The Name Branch Shalfa International For Trading And Contracting Company
- No (1010624157) And Dated 03/06/1441 (H) With The Name Branch Shalfa International For Trading And Contracting Company
- No (1010659295) And Dated 21/02/1442 (H) With The Name Branch Shalfa International For Trading And Contracting Company

2- Purpose Of The Company:-

Maintenance And Cleanliness , Operation Of Residential , Commercial Buildings , Maintenance Of Apparatus And Fire Equipment, Fire Alarm And Maintenance Of Fire Extinguishers Under Public Security License Number (20 869) And Date Of 04/04/1432 H, Maintenance And Operation Of Medical Centers And Cleanliness Of Cities And Waste Disposal

3- (3-1) Applicable accounting standards:

The accompanying financial statements have been prepared in accordance with the International Standard for the Financial Reporting of SMEs adopted in Saudi Arabia and the standards and other issuances approved by the Saudi Organization for Certified Public Accountants for all periods up to and including the year ended 31 December 2017. The Company prepared and presented the financial statements in accordance with standards Accounting in Saudi Arabia approved by the Saudi Organization for Certified Public Accountants and the requirements of the Saudi Companies Law regarding the preparation and presentation of financial statements . The financial statements have been prepared in accordance with the requirements of Section 35 ("Transition to IFRS for SMEs"). The impact of the IFRS for SMEs has been disclosed to the financial statements as of 31 December 2017 and 1 January 2017. The accompanying notes are the first annual financial statements prepared in accordance with International Financial Reporting Standards for SMEs. The financial statements have been prepared using the measurement principles established in the IFRS for SMEs as approved by the Saudi Organization for Certified Public Accountants for each type of asset, liabilities, income and expenses. The Company presents the financial position on a current and non-trading basis. These financial statements are prepared under the historical cost convention.

Notes to the Financial Statements for the Year Ended

31/12/2020

A- Measurement bases:

- A) The financial statements have been prepared under the historical cost convention using the accrual basis of accounting and the concept of continuity
- B) Presentation currency and functional currency : These financial statements are presented in Saudi Riyal (SR), which represents the functional currency of the Company. All amounts are rounded to the nearest SAR

3.2: Significant accounting judgments and estimates.

The preparation of the financial statements in accordance with the International Standard for the Financial Reporting of SMEs adopted in Saudi Arabia and other standards and issuances issued by the Saudi Organization for Certified Public Accountants requires the use of judgments and estimates that may affect the value of assets and liabilities and disclosure of potential assets and liabilities at the reporting date, Income and expenses during that period. Estimates and judgments are reviewed on an ongoing basis based on past experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances.

The Company makes estimates and assumptions relating to the future and the resulting accounting estimates are seldom equal to the actual results.

Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the following financial year are discussed below:

A) the productive lives of property, plant and equipment:

Property, plant and equipment are stated at cost and include expenses directly related to the acquisition of the asset and its connection to the place and condition required for the work (production) and less accumulated depreciation and accumulated impairment losses. Depreciation is calculated over the estimated useful lives of the asset using the straight- Administrative and administrative expenses Expenses for improvements or adjustments that result in future economic benefits are capital expenditure.

The Company uses the straight-line method to depreciate property, plant and equipment at the following rates:

<u>Item consumption</u>	<u>rate</u>
Cars	20%
Machinery and equipment	15%
Computer	15%
Furniture	10%

Notes to the Financial Statements for the Year Ended

31/12/2020

A review is made at each statement of financial position date to ensure that there is no objective evidence that any impairment loss has been incurred. If any such evidence exists, the recoverable amount of that asset is estimated and the impairment loss Between the carrying amount of that asset and the recoverable amount in the statement of income.

B) the useful lives of intangible assets;

Management determines the estimated useful lives of intangible assets for the purpose of calculating amortization. This estimate is determined after considering the expected use of the asset. The management reviews the residual value and useful lives annually and the future amortization expense is adjusted when management considers that the useful lives differ from previous estimates.

C) Measurement of fair value of financial instruments

When the fair value of financial assets and liabilities recognized in the statement of financial position can not be measured on an active market basis, their fair value is determined using valuation techniques, including discounted cash flow model. Inputs of these models are taken from observable markets where possible, but if not, it is possible. Requires a degree of judgment in order to determine fair value. Provisions include input considerations such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors may affect the fair value of financial instruments

D) Employee Benefits - Benefits Plan

The liability for employees' end of service benefits is calculated at present value in a simplified manner in the framework of the IFRS for SMEs, which allows for some exceptions to the expected credit unit method. All assumptions - determinants - are reviewed at each reporting date, including the discount rate. Employee benefit obligations are paid in accordance with Saudi Labor Law.

E. Continuity

The Company's management has assessed its ability to continue as a going concern and is satisfied that it has the resources to continue operating in the foreseeable future. Furthermore, management does not believe that there is any material uncertainty that may indicate doubts about the Company's ability to continue in accordance with the concept of continuity. Accordingly, the financial statements have been prepared in accordance with the concept of continuity.

Notes to the Financial Statements for the Year Ended
31/12/2020

F) Zakat / income tax

The Company is subject to Zakat in accordance with the regulations of the General Authority for Zakat and Income ("the Authority") and Zakat is recognized on an accrual basis. The calculation of Zakat includes knowledge and assessment of Zakat laws and regulations to assess the impact of the Zakat obligation at the end of a given period. This obligation is considered discretionary until the final assessment is issued by the General Authority for Zakat and Income.

3.3: Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements and in the preparation of the statement of financial position in accordance with International Financial Reporting Standards on 1 January 2017 for the purpose of transition to IFRS for SMEs, unless otherwise specified

3.4: Property, plant and equipment)

A) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss. Cost includes expenses directly attributable to the acquisition of the asset. The cost of the self-generated assets includes the cost of material, direct labor and any other direct costs related to the access to the asset to the working condition as required, the cost of dismantling and removing the items and the recovery of the place and the borrowing costs on eligible assets with a capitalization date of or after 1 January 2018.

The cost may also include transfers from other comprehensive income for gains / losses on the hedges of cash flows qualifying for the purchase of property, plant and equipment in foreign currencies. Purchased software that is an integral part of the software is capitalized. Jobs related equipment as part of that equipment.

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

Gains and losses on disposals of property, plant and equipment are determined by comparing the return on disposal of property, plant and equipment with the net book value of the same assets and the net is included under "other income" in profit or loss.

Notes to the Financial Statements for the Year Ended
31/12/2020

B) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if the potential future economic benefits are probable to flow to the Company and its cost can be measured reliably. The carrying amount of the replacement portion is written off. The cost of the day-to-day servicing of property, plant and equipment is recognized in profit or loss as incurred

3.5: Intangible assets

A) Recognition and measurement

Intangible assets represent computer software purchased and are stated at cost less accumulated amortization and any accumulated impairment losses. Depreciation is recognized using the straight-line method over its estimated useful life of 3 years. The estimated useful life and the amortization method are reviewed at the end of each reporting period. Any changes in estimates on a future basis eliminates the recognition of intangible assets when derecognised or when no future economic benefit is expected from their use or disposal.

Gains or losses on derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss on derecognition of the asset

The following are the most significant intangible assets that the Company has calculated, and its productive years as follows
Intangible assets Computer programs 4 years

B) Subsequent costs

Subsequent expenditure is capitalized only when it increases the future economic benefits inherent in the specific asset to which it relates. All other expenses, including goodwill and internally generated goodwill, are recognized in profit or loss as incurred.

C) Amortization / Depreciation

Depreciation is calculated on the basis of the cost of the asset or any other amount that is replaced at cost less its residual value. The amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date they are available for use, as this reflects the expected pattern of consumption of the future economic benefits inherent in the asset.

Notes to the Financial Statements for the Year Ended
31/12/2020

3.6: Employee benefits

Employee benefits are all forms of compensation offered by the company in exchange for services provided by employees including board members and managers.

The Company recognizes the cost of all employee benefits due to its employees as a result of the service provided to the company during the period of the financial statements as an obligation after deducting the amounts paid either directly to the employees or as a contribution to the employee benefit fund (if any) Prior to the date of the financial statements, the Company is required to recognize the increase as an asset to the extent that the prepayment will result in a reduction in future payments or cash refunds and as an expense.

The Company is unable to use the planned credit unit method to measure its obligation and its cost under the defined benefit plans. As permitted by Section 28 of the IFRS, the Company has the following facilities when measuring its defined benefit obligation with respect to Existing staff:

- A) Ignore the estimated future salary increases (ie, assuming that current salaries continue until current employees are expected to receive post-employment benefits).
- B) Ignore the future service of the employees (ie, the assumption that the plan will be closed to existing employees as well as any new employees .
- C) Ignoring the potential mortality rate for current employees between the date of the financial statements and the date on which the employees are expected to receive post-employment benefits (ie assuming that all existing employees will receive after-service benefits.)

The Company recognizes the benefits of termination of employment as a direct expense in the statement of comprehensive income.

Short-term liabilities

Are the liabilities related to wages and salaries and any short-term benefits that are expected to be fully settled within 12 months after the end of the financial period in exchange for the value of the service providers and are measured by the amounts expected to be paid upon payment of liabilities and are presented as employee's liability obligations in the statement of financial position.

B) Specific employee benefits

Staff benefits are defined as the after-service program. Employees in Saudi Arabia are subject to end of service benefits in accordance with the provisions and laws of Saudi Arabia and the Company's policy. Employees are entitled to end-of-service benefits after termination of employment.

Notes to the Financial Statements for the Year Ende31/12/2020

3.7: Statutory Reserve

In accordance with the Articles of Association of the Company, the Company shall transfer 10% of the net profit each year to a statutory reserve until such reserve reaches 30% of the share capital. The reserve is formed at 50% of the capital in accordance with the previous Companies Law. This reserve is not available for distribution

3.8: Provisions.

Provisions are recognized when a present legal or constructive obligation exists as a result of a past event and the Company can make a reliable estimate of the amount of the obligation and is likely to result in an inflow of economic benefits to settle that obligation. An entity must establish an allowance as an obligation in the statement of financial position and the amount must be recognized as an expense.

3.9: Lease payments .

Amounts paid under operating leases are charged to profit or loss on a straight-line basis over the period of the contracts. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

The minimum lease payments under finance leases are allocated between financing expenses and reduction of existing liabilities. The finance expense is allocated to each period during the lease term to achieve a constant periodic interest rate on the remaining balance of the liability.

The potential lease payments are accounted for by reviewing the minimum lease payments during the remaining period of the lease when the lease modification is confirmed.

Determine whether the arrangement includes a lease

At the beginning of any arrangement, the company determines whether this arrangement is a lease or includes a lease. A certain asset is subject to a lease if the execution of the arrangement depends on the use of that asset. The arrangement transfers the right to use the asset if the arrangement transfers to the company the right to control the underlying asset.

When starting or re-evaluating the arrangement, the Company separates the payments and other amounts required under this arrangement into those of the lease and those of the other elements on the basis of their relative fair values. If the Company finds that for the finance lease, The asset is then recognized and commensurate with the fair value of the underlying asset. Subsequently, the liability is reduced when the payments are made and the cost of the liability financing is recognized using the Company's increased borrowing rate.

3.10: Financing income and financing costs.

Finance income includes all interest income on invested funds (including financial assets available for sale), dividends received, gains on sale of financial assets available for sale, changes in the fair value of financial assets at fair value through profit or loss and gains on hedging instruments recognized in profit Or loss. Interest income is recognized when earned in profit or loss using the effective interest method. Dividend income is recognized in profit or loss on the date on which the company has the right to receive the dividends, which is the date of trading of the share without maturity in the case of the listed securities.

Notes to the Financial Statements for the Year Ended
31/12/2020

Financing costs include interest expense on loans, adjustment of discount on provisions and dividends on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognized in financial assets and loss of hedging instruments recognized in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest rate method. Foreign exchange gains and losses are reported on a net basis.

3.11: Summary of significant accounting policies .

Classification of assets and liabilities as "current" and "non-current."

The Company presents the assets and liabilities in the statement of financial position as trading / non-current.

Assets are tradingd as follows:

- When it is expected to be realized, intends to sell or is salvaged during the normal operating cycle of the company.
- Retains the origin of a major company for trading purposes.
- When you expect to achieve within twelve months after the current period.
- Where the asset is in cash or equivalent to cash unless there are restrictions on its replacement or use to settle obligations for a period not less than twelve months after the financial period.

All other assets are classified as "non-current" and when the normal operating cycle of the Company is not clearly determinable, it is assumed to be twelve months.

Classification of liabilities as current:

- When expected to be settled during the normal operating cycle of the company.
- Mainly maintains the obligation for trading purposes.
- When payment is due within twelve months after the financial period.
- The Company has no unconditional right to defer payment of the obligations for a period of not less than twelve months after the financial period of the Company's classification of all other liabilities as "non-current".

3.12:Cash and cash transactions.

Including bank balances and other short-term high-liquidity investments maturing within three months or less from the date of acquisition and convertible into known cash and subject to small changes in value.

Notes to the Financial Statements for the Year Ended
31/12/2020

3.13 Account receivables

Trading receivables are carried at the principal amount of the unallocated sales invoice less than the allowance for doubtful debts (if any). An allowance is made for doubtful debts when there is objective evidence that the company is unable to collect all amounts due during the original periods of the receivable, These provisions are recognized in the statement of comprehensive income and are shown under general and administrative expenses when the trading receivables are uncollectible. They are written off from the provision for doubtful debts. Subsequent amounts are recognized from amounts previously written off to the " General and administrative expenses "in the statement of comprehensive income.

3.14: Inventory

Inventories are valued on the basis of net cost or selling price less costs to complete and sell. The lower the cost is calculated using the weighted average method, the company includes in the cost of inventory all the cost of the acquisition and other costs incurred to bring the inventory to its current location. At the end of each financial period, the value of any of the items of inventory has been reduced, ie, the book amount can not be fully recovered, damaged or obsolete, or the sale price falls. When the value of the inventory item (s) falls, Sold minus the costs of completion and selling and prove the loss of landing.

3.15: Account payables and accrued expenses

Trading payables are liabilities that are made in accordance with normal credit periods and do not incur any commission. Transfers of trading payables denominated in foreign currencies to Saudi riyals at the exchange rates prevailing at the date of preparation of the financial statements are recognized in other income or expenses

3.16 Revenue recognition

Sales income is recognized mainly from the sale of the goods and is measured at the fair value of the consideration received or receivable. The fair value of the consideration received or receivable takes into account any deductions allowed by the company. The company recognizes in the revenue only the total inflows from the economic gain or collection receivable The Company shall exclude from the revenues all amounts collected by it for a third party account such as income taxes, goods and services taxes and value added taxes. Revenue from sale of goods shall be recognized when the following conditions are met:

- Transfer of risks and significant benefits associated with the ownership of the goods to the customer.

Notes to the Financial Statements for the Year Ended
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- The Company does not retain the right of continuous administrative intervention to the extent that it is usually associated with the ownership or actual control over the goods sold
- The amount of revenue can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the company
- The possibility of measuring the costs incurred or incurred by the establishment in relation to the transaction in a reliable manner

3.17: Lease contract

A lease is classified as an operating lease if it does not transfer all the risks and rewards of ownership to the company that bear the leases payable under operating leases on the statement of comprehensive income on a straight-line basis over the period of the lease concerned

3.18: Conversion of foreign transactions

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at that date. In the statement of comprehensive income

3.19: General and administrative expenses

General and administrative expenses include direct and indirect costs that are not specifically part of the cost of sales. These costs are divided between selling and marketing expenses, general and administrative expenses and sales costs, if necessary on a fixed basis.

3.20: Provisions

Provisions are based on their nature and are based on estimates and assessments to determine whether the criteria for recognition have been met, including the estimation of the amounts to be paid. Provision is recognized only if:

The Company shall have an obligation at the reporting date as a result of a previous event

B) It is probable (more likely than not) that it will require the entity to transfer economic resources for settlement .

The commitment can be estimated in a reliable manner
An entity shall establish an allowance as an obligation in the statement of financial position and the amount of the provision must be recognized as an expense

3.21: Initial measurement:

The best estimate is the required expenditure that the entity may incur in a reasonable justification to settle the obligation at the end of the reporting period or may convert it to a third party on that date. Found) of the expected exclusion of assets from the measurement of the allocation

Notes to the Financial Statements for the Year Ended
31/12/2020

3.22: Subsequent measurement

The provision for which the provision is recognized is recognized only against the provision. Provisions are reviewed at each balance sheet date and adjusted to reflect the current estimate of the amount that may be required to settle the obligation at that date

3.23 Significant judgments and judgments relating to the application of accounting policies

The preparation of the financial statements in accordance with the IFRS for SMEs adopted in Saudi Arabia requires the use of estimates and assumptions that may affect the amount of assets, liabilities and disclosures of potential assets and liabilities at the reporting date, Estimates are based on best management information about events and activities but actual final results may differ from these estimates. Estimates are recognized for future periods.

3.24: productive ages of real estate, machinery and equipment

The Company's assets, classified as property, plant and equipment, are depreciated on a straight-line basis over their economic useful lives or useful lives. It should be borne in mind that the correct assumptions made at the time of valuation may change when new information is available

3.25: account receivables decrease

An estimate of the collectible amounts of trading receivables is made when the full amount can not be collected for each significant amount. This estimate is made for each amount individually. Amounts that are not individually significant but are past due are assessed collectively and an allowance is made based on the length of the delay In payment based on past collection rates

3.26: Fair value of financial instruments

Fair value is the amount to be received for the sale or payment of an asset in exchange for the conversion of an obligation in a regular transaction between market participants on the measurement date in the primary market or in the absence of a major market in a market separated by the company at that date.

If the fair value of financial assets and financial liabilities recorded in the statement of financial position can not be measured on the basis of quoted prices in active markets, their fair value is determined using valuation techniques that include the discounted cash flow model. The inputs to these models are made through observable markets, If this is not feasible, a measure of judgment should be used to determine fair value. Provisions include consideration of inputs such as liquidity risk, credit risk and volatility. Changing assumptions about these factors will affect Meh recorded fair financial instruments.

Notes to the Financial Statements for the Year Ended
31/12/2020

3.27: Decrease in inventory value

Inventories are stated at the lower of cost or net realizable value, whichever is lower. When inventories become old or obsolete, an estimate is made of the net realizable value. For each significant amount, an estimate is made for each individually significant amount but is considered obsolete or obsolete. It is estimated collectively and avoids an allocation based on the type of inventory and the age or the degree of obsolescence based on historical selling prices.

3.28: Potential obligations

If the Company is exposed to various contingent liabilities during the ordinary course of business, management assesses the status of these exposures on a systematic basis to assess the likelihood that the Company will incur related liabilities. However, provisions are not charged in the financial statements based on the management's judgment, unless an existing obligation arises.

- 4- The Company's Capital Consists At (300,000) Three Hundred Thousands Riyal Divided To (300) Three Hundred Share Value Of Each Share (1,000) Riyal Were Distributed To The Partners As Follows :

Partner Name	Share	Share Value	Total
Mohammed Abdullah Ahmed Al Brahim	105	1,000	105,000
Abdullah Mohammed Abdullah Al Brahim	105	1,000	105,000
Fahad Mohammed Abdullah Al Brahim	90	1,000	90,000
Total	300	---	300,000

- 5-According to the partners' decision No. () dated 12/28/2020, part of the partners' current amounts of (12,000,000) riyals were transferred to the additional capital account in order to improve the company's financial position and finance future projects, as shown in the following table:

Partner Name	Share	C/A Balance	transferred to Additional paid in capital	C/A Balance
Mohammed Abdullah Ahmed Al Brahim	35%	4,245,028	4,200,000	45,028
Abdullah Mohammed Abdullah Al Brahim	35%	4,548,578	4,200,000	348,578
Fahad Mohammed Abdullah Al Brahim	30%	3,760,000	3,600,000	160,000
Total	100%	12,553,606	12,000,000	553,606

Notes to the Financial Statements for the Year Ended 31/12/2020

6-Property, plant and equipment

Description	Cost As at 01/01/2020	Additions During The Year	Exclusion during the year	Cost As At 31/12/2020	Accum Depreciation As At 1/1/2020	Year Depreciation	Accum Elimination As at 31/12/2018	Accum Depreciation As At 31/12/2018	Net Value As At 31/12/2018
Vehicles	8.774.303	2.479.931	0	11.254.234	3.841.659	1.894.060	0	5.735.719	5.518.515
Machinery & Equipments	1.165.650	201.750	0	1.367.400	759.272	100.959	0	860.231	507.169
Furnitures &Office	142.720	0	0	142.720	142.498	110	0	142.608	112
Computers	58.493	13.002	0	71.495	32.912	9.444	0	42.356	29.139
Total	10.141.166	2.694.683	0	12.835.849	4.776.341	2.004.573	0	6.780.914	6.054.935

Notes to the Financial Statements for the Year Ende31/12/2020

7- Investment In Subsiding As At December,31,2020:

<u>Description</u>	<u>Opening Balance</u>	<u>Additions</u>	<u>Closing Balance</u>
Shalfa international Facilities Management	2.384.237	1.181.392	3.565.629
Rawad Food & Beverage Company	20.000	0	20.000
Total	<u>2.404.237</u>	<u>1.181.392</u>	<u>3.585.629</u>

**The Investment Is Invest In Shalfa international Facilities Management Limited Liability Company To Manage Installations L.T.D Percent 99% For Total Capital (50.000) Sr.by_Owner's Equity

- Shalfa International For Trading And Contracting Company L.T.D has invested in Rowad Al-Alyaf Company for Food Services with a share of (20,000) riyals, which is equivalent to 33.33% of the company's capital amounting to (60,000) riyals according to the Commercial Register No. 1010503402 and date 09/05/1440 AH corresponding to 01/15/2019 M.

8 - Cash and cash equivalents at Balances As At 31/12/2020

<u>Description</u>	<u>2020</u>	<u>2019</u>
Cash On Hand	0	101.573
Cash At Bank	12.320.431	4.009.363
Total	<u>12.320.431</u>	<u>4.110.936</u>

9- Amounts due from debtors As At 31/12/2020

<u>Description</u>	<u>2020</u>	<u>2019</u>
Accrued Revenues	34.858.444	23.562.345
provision for doubtful debts	0	0
Total	<u>34.858.444</u>	<u>23.562.345</u>

10- Other Accounts Receivable As At 31/12/2020

<u>Description</u>	<u>2020</u>	<u>2019</u>
Projects Under Construction Expenses	0	897.378
Debit balance suppliers	364.319	207.814
Loans to Emplpyees	266.492	204.731
Petty Cash	614.895	1.129.076
Insurance For Other	122.000	64.806
Letter Guarantee	2.363.894	2.103.049
Sub Contraction	2.345.681	4.851
Other debtors	163.767	0
Checks under collection	1.001.421	0
Total	<u>7.242.469</u>	<u>4.611.705</u>

Notes to the Financial Statements for the Year Ende 31/12/2020

11- End Of Service Provision As At December,31,2020:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Balance At Beginning Of Year	5.128.587	3.491.279
Outgoing During The Year	(1.135.951)	(671.234)
Component For This Year	3.247.065	2.308.542
Balance At End Of Year	7.239.701	5.128.587

12- amounts due to Payables As At December,31,2020:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Suppliers	2.355.130	1.303.845
Total	2.355.130	1.303.845

13- Other Accounts Payables As At December,31,2020:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Insurance Is Reserved For Contractors	449.935	388.914
Sub Contraction	1.141.832	452.546
Labor insurance	26.500	26.500
Other payable	1.353.643	19.737
Loans employee	100	1.900
Petty cash	2.201	28.287
Total	2.974.211	917.884

14- Banks loans As At 31/12/2020:

<u>Details</u>	<u>short loans</u>	<u>long loans</u>	<u>2020</u>	<u>2019</u>
Riyad Bank Short Term Loan	-	-	2,559,147	2,084,841
Arab Bank Short Term Loan	-	-	-	465,000
Total Short term loans	-	-	2,559,147	2,549,841
Riyad Bank long Term Loan	4,792,344	6,904,974	11,697,318	18,420,814
Arab Bank Long Term loan	-	-	-	2,000,000
Alrajhi Bank Long Term Loan	3,019,557	3,141,266	6,160,823	6,400,000
Total long term loan	7,811,901	10,046,240	17,858,141	26,820,814
Total	7,811,901	10,046,240	20,417,288	29,370,655

There are interest on future loans of (348,018) riyals belonging to Al-Rajhi Bank, and (1,022,388) riyals belonging to Riyadh Bank.

Notes to the Financial Statements for the Year Ende31/12/2020

15- Due To/from Related Parties As At 31/12/2020

<u>Description</u>	Relationship Type	Nature of the relationship	First year balance		Movement during the year		balance	
			debit	Credit	debit	Credit	debit	Credit
Shalfa Facilities Management Limited Liability Company	Sister	operational	2.010.745	0	6.131.906	7.786.460	356.191	0
Shalfa International Est	Sister	operational	6.867.906	0	36.495.888	36.711.821	6.651.973	0
Consulting House Consultancy Company	Sister	operational	0	354.320	2.841.632	2.382.512	104.800	0
Rowad Fiber Food Services Company	Sister	operational	1.980.000	0	1.000.000	0	2.980.000	
Mohammed Albrahim	Partner	Draws	246.381	0	5.743.915	5.985.000	5.296	0
Abdullah Albrahim	Partner	Draws	56.688	0	9.604.734	9.655.000	6.422	0
Fahad Albrahim	Partner	Draws	128.684	0	6.265.077	6.382.600	11.161	0
Total			11.290.404	354.320	68.083.152	68.903.393	10.115.843	0

- Related is finance payment expenses to sister company

* Financing operations of related parties does not entail any commissions or charges.

16- Revenues As At December,31,2020:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Projects Revenues	115.212.520	76.557.967
Container rental revenue	552.351	0
Total	115.764.871	76.557.967

17- Cost of Revenues As At 31/12/2019

<u>Description</u>	<u>2020</u>	<u>2019</u>
Projects Expenses	89.829.254	62.276.140
Depreciation Proprrty, Plant & Equipment	1.836.010	1.038.388
Total	91.665.264	63.314.528

Notes to the Financial Statements for the Year Ende 31/12/2020

18- GENERAL & ADMINISTRATIVE EXPENSE As At 31/12/2020:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Wages And Salaries	3.891.356	2.113.523
Bonus	1.751.503	853.032
End Of Service	103.663	161.612
Vacations Allowance	56.467	119.795
Housing Allowance	176.204	134.918
Tickets	14.470	30.089
Mission	53.700	54.300
Travel	1.475	7.791
Medical Insurance	53.170	84.738
Rent	504.009	343.082
Social Insurance	196.437	199.534
Fees & Subscriptions	596.465	853.168
Fuel	42.138	34016
Vehicles Expenses	101.688	38.782
Telephone & Postage	120.089	74.315
Stationery And Publications	31.472	39.248
Electricity & Water	56.857	70.008
Tenders Expences	245.350	0
Accounting Software Expenses	42.300	238.521
Advertising	5.270	26.840
Hospitality	11.782	10.370
Professional Fees	43.293	51.775
Bank charges	69.837	403.274
Cleanliness Materials Plumbing	8.061	31.738
Maintenance	60.935	36.450
Misc Expenses	144.250	740.877
Total	<u>8.382.241</u>	<u>6.751.796</u>

Notes to the Financial Statements for the Year Ende 31/12/2020

19- Legal Zakat:

A- Zakat Calculation :

<u>Description</u>	<u>2020</u>	<u>2019</u>
Profits Of The Year Before Zakat	15.197.163	9.137.811
<u>Additions</u>		
Capital	300.000	300.000
The additional capital	0	0
Statutory Reserve	150.000	150.000
Loan & Others	9.640.564	8.520.462
End Of Service Provision	7.239.701	5.128.587
Management incentives and rewards	1.590.714	0
Bad Debts Provision	0	0
Zakat Provision Retained	0	82.270
Retained Earnings	9.299.579	545.369
Total	43.417.721	23.864.499
<u>Less (-)</u>		
Fixed Assets (Net)	(6.054.935)	(5.364.825)
Investments In Subsiding	(3.585.629)	(2.404.237)
Investments	0	(751.400)
Total Deductions	(9.640.564)	(8.520.462)
Zakat Base For The Year	33.777.157	15.344.037
Zakat By 2,5% Of The Zakat Base	855.442	383.601

B- Movement Of Provision :

<u>Description</u>	<u>2020</u>	<u>2019</u>
Balance Beginning Of The Year	465.871	536.801
Component For This Year	855.442	383.601
Outgoing During The Year	(465.871)	(454.531)
Balance End Of The Year	855.442	465.871

**The company got a final zakat certificate for the financial year ended 31/12/2020 with a certificate number (1110678395) dated 02/08/1441 Hijri.

Notes to the Financial Statements for the Year Ende 31/12/2018

20- Contingent Liabilities:

The Letters Of Guarantee Issued By The Banks (Riyadh, ALAWAL Bank And Arab National Bank) (Potential Liabilities) For The Benefit Of Third Parties On The Basis Of The

Instructions Of Shlafa International Trading And Contracting Company On 31/12/2020

Amounted To SAR (24.928.443) Only Twenty-four million nine hundred and twenty-eight thousand four hundred and forty-three riyals

Rials Only The Monetary Insurance Value Of These Guarantees As At 31/12/2020 Amounted

To SAR (2.363.894) Only Two million three hundred and sixty-three thousand eight hundred and ninety-four riyals

- The Company Obtained A Bank Facility From Riyadh Bank On A Guarantee Of Payment And Performance For All The Partners And Signing A Bond For The Amount Of The Facilities In Addition To Other Guarantees.
- The Company Acquired A Bank Facility From ALAWAL Bank (Formerly The Saudi holand Bank) To Guarantee Payment And Payment To All Partners And To Sign A Bond For The Amount Of The Facility.
- The Company Acquired A Bank Facility From The Arab National Bank To Guarantee Payment And Payment To All Partners And To Sign A Bond For The Amount Of The Facility.
- The Company Acquired A Bank Facility From The Alrajhi Bank Bank To Guarantee Payment And Payment To All Partners And To Sign A Bond For The Amount Of The Facility.

21- Risk Management:

Credit risk

Credit risk represents the inability of a counterparty to meet its obligations, causing the other party to incur a financial loss. The Corporation limits its credit risk to customers by setting credit limits for each customer and monitoring existing receivables. At the balance sheet date, management has not identified any significant concentrations of credit risk.

Liquidity risk

Liquidity risk represents the difficulties faced by the Corporation in providing funds to meet commitments relating to financial instruments. Liquidity risk can result from the inability to sell any financial asset quickly and at an approximate fair value. The organization relies on supporting partners to meet liquidity needs.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation has not been subject to fluctuations in foreign exchange rates during its normal course of business. The Corporation did not make any significant transactions in currencies other than the Saudi Riyal and the US Dollar during the year.

Notes to the Financial Statements for the Year Ende31/12/2018

22- Fair value of financial instruments:

Fair value is the amount by which an asset is exchanged or a liability is settled between willing parties and on fair terms. Securities are financial assets and liabilities. The financial assets of the Corporation consist of balances with banks, receivables and prepayments, while financial liabilities consist of creditors and amounts payable. The fair values of financial instruments are not significantly different from their carrying values.

23- General :

A-The figures in the financial tables have been approximated to the nearest Saudi Riyal

24- Comparative figures:

Certain comparative figures for the previous year have been reclassified in line with the current year

25- Coivid 19:

In the beginning of 2020, the new Corona Virus (COIVD-19) virus was confirmed and spread in several geographical regions around the world causing disturbances to economic activities and businesses, the company believes that this event is one of the following events after the release of the financial position list, which does not require modifications in this early stage of the event Which is witnessing continuous and rapid developments, and the company is evaluating any potential impact, and management and those responsible for governance will continue to monitor the situation and inform the stakeholders as soon as more information is available according to what is required by the regulations and regulations, and in the event of any fundamental changes in the current conditions, additional disclosures or Approving the amendments in the preliminary financial statements for subsequent periods during the fiscal year 2020

26- Approving the financial statements :-

Mr/ Mohammed Abdullah Ahmed Al Brahim

Mr/ Abdullah Mohammed Abdullah Al Brahim

Mr/ Fahad Mohammed Abdullah Al Brahim