SAUDI INDUSTRIAL EXPORT COMPANY

(Saudi Joint Stock Company)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SAUDI INDUSTRIAL EXPORT COMPANY
(A Saudi Joint Stock Company)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Saudi Industrial Export Company (the "Company") as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

We have audited the financial statements of the Company, which comprise of the following:

- The statement of financial position as at 31 December 2022;
- The statements of profit or loss and other comprehensive income for the year then ended;
- The statement of changes in equity for the year then ended;
- The statement of cash flows for the year then ended, and;
- The notes to the financial statements, including a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with Intenational Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the financial statements* section of our report. We are independent from the Company 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 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 provide a basis for our opinion.

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SAUDI INDUSTRIAL EXPORT COMPANY
(A Saudi Joint Stock Company)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

KEY AUDIT MATTERS

Key Audit Matters	How our audit addressed the key audit matter
Revenue Recognition	
With reference to the accounting policy relating to the revenue recognition, the Company's revenues for the year ended 31 December 2022 amounted to SR 266,530 (2021: SR 15,791,391). Revenue is a key indicator of performance measurement, resulting in inherent risks in the revenue recognition process through revenue overstatements or inappropriately recognized before the Company fulfills the performance obligation as well as improperly evaluating the Company's relationship to its contracts with clients as principal or agent. Revenue is recognized when services are provided to customer.	We have performed the following procedures: - Performing a test of a sample of recorded revenue transactions and compared them with supporting documents to verify the existence of recorded revenue. - Performing analytical reviews to evaluate the reasonableness of the amount of revenue per the financial statement. - Inquired from the management representatives regarding fraud awareness and the existence of any actual fraud cases. - Assessing the appropriateness of the disclosures made in the financial statements.
Impairment in the value of trade receivables	
The net balance of trade receivables as at 31 December 2022 amounted to SR 2,101,134 (2021: SR 8,043,298). Management estimates the loss allowance for trade receivables using expected credit losses. When estimating lifetime expected credit loss. Management considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analyzes based on the company's historical experience and considered credit assessment, including the future outlook for that information. The decline in the value of trade debtors is one of the key audit matters due to the importance of management judgments in determining the decline in the value of trade debtors, the presence and book value of trade debtors is essential to the performance and assets of the company.	We have performed the following procedures: - Assessed the adequacy of impairment considerations in trade receivables in accordance with the Company's policies and assessed compliance with the applicable accounting standards. - Asses management's assumptions used in determining the impairment loss . - Identification of trade debtors exposed to credit risk and checking whether they have been correctly included in management's assessment of impairment . - Recalculating the decline in the value of trade receivables based on the company's policies to ensure that the decline is appropriate at the date of the statement of financial position - Assessing the appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SAUDI INDUSTRIAL EXPORT COMPANY
(A Saudi Joint Stock Company)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OTHER INFORMATION

Other information consists of the information included in the Company's 2022 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Company financial reporting process

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SAUDI INDUSTRIAL EXPORT COMPANY
(A Saudi Joint Stock Company)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism hroughout 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 auditors' report. However, future events or conditions may cause the Company's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SAUDI INDUSTRIAL EXPORT COMPANY
(A Saudi Joint Stock Company)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on the information that has been made available to us while performing our audit procedures, nothing has come to our attention that causes us to believe that the Company is not in compliance, in all material respects, with the applicable requirements of the Regulation for Companies in the Kingdom of Saudi Arabia and the Company's By-laws in so far as they affect the preparation and presentation of the financial statements.

For Al-Bassam & Co.

البسام وشركاؤه
محاسبون قانونيون
رقم الترخيص ٥٢٠/١١/٣٢٣
C.R. 1010385804
License 520/11/323
Al-Bassam & Co.
Certified Public Accountants

Ibrahim A. Al Bassam
Certified Public Accountant
License No. 337
Riyadh: 3 Sha'ban 1444H
Corresponding to: 23 February 2023

SAUDI INDUSTRIAL EXPORT COMPANY
(Saudi Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
As of 31 December 2022
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	31 December 2022	31 December 2021
Assets			
Non-current assets			
Property, plant and equipment	6	**571,642**	3,383,561
Intangible assets	7	**20,522**	57,967
Right -of- use assets	8 a	-	733,325
Total non-current assets		**592,164**	4,174,853
Current assets			
Investments carried at FVTPL	10	**58,833,555**	-
Prepayments and other assets	11	**14,600,006**	4,452,467
Trade receivables	12	**2,101,134**	8,043,298
Amounts due from shareholders	21 b	**2,144,246**	-
Short-term bank deposits	13	**30,583,333**	-
Cash and cash equivalents	14	**59,837,810**	7,480,359
Total current assets		**168,100,084**	19,976,124
Total Assets		**168,692,248**	24,150,977
Equity and liabilities			
Equity			
Share capital	16	**194,400,000**	64,800,000
Statutory reserve	18	**642,645**	642,645
Actuarial reserve	19	**473,761**	357,333
Accumulated losses		**(35,494,678)**	(52,837,550)
Total equity		**160,021,728**	12,962,428
Liabilities			
Non-current liabilities			
Lease liabilities – non-current portion	8 b	-	635,023
Employees' defined benefit obligations	19	**345,915**	414,195
Total non-current liabilities		**345,915**	1,049,218
Current liabilities			
Lease liabilities - current portion	8 b	-	327,622
Trade payables		**349,880**	3,219,452
Accrued expenses and other current liabilities	20	**1,769,738**	2,551,974
Amounts due to shareholders	21 c	**3,742,671**	2,807,022
Zakat provision	22 b	**2,462,316**	1,233,261
Total current liabilities		**8,324,605**	10,139,331
Total Liabilities		**8,670,520**	11,188,549
Total equity and Liabilities		**168,692,248**	24,150,977
Commitments and contingencies	30		

Ahmed Talat Abdelaziz	**Suliman Hamad Al Jadie**	**Hatem Hamad Al Sehbany**
CFO	**CEO**	**Chairman**

The accompanying notes (1) to (33) form an integral part of these financial statements.

SAUDI INDUSTRIAL EXPORT COMPANY
(Saudi Joint Stock Company)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2022
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	2022	2021
Revenues	23	**266,530**	15,791,391
Cost of revenues	24	**(22,920)**	(13,771,544)
Gross profit		**243,610**	2,019,847
General and administrative expenses	25	**(23,845,111)**	(13,754,290)
Unrealized losses on investments carried at FVTPL	10	**(1,059,633)**	-
Realized gains on disposal of investments carried at FVTPL	10	**395,492**	1,501,453
Reversal of (impairment) of trade receivables	12	**1,014,152**	(3,042,586)
Other income	26	**495,468**	343,577
Operating loss		**(22,756,022)**	(12,931,999)
Finance cost	8 b	**(14,617)**	(42,684)
Short term bank deposits income	13	**583,333**	
Net loss before zakat		**(22,187,306)**	(12,974,683)
Zakat expense	22	**(2,111,881)**	(948,813)
Loss from Continuing Operations		**(24,299,187)**	(13,923,496)
Discontinued operations			
Gain / (loss) from discontinued operations	15	**3,206,179**	(959,676)
Net loss for the year		**(21,093,008)**	(14,883,172)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains from employees' defined benefit obligations	19	**116,428**	109,291
Other comprehensive income for the year		**116,428**	109,291
Total comprehensive loss for the year		**(20,976,580)**	(14,773,881)
Basic and diluted per share from:			
Loss from continuing operations	27	**(1.76)**	(2.15)
Gain / (loss) from discontinued operations	15	**0.23**	(0.15)

Ahmed Talat Abdelaziz	**Suliman Hamad Al Jadie**	**Hatem Hamad Al Sehbany**
CFO	**CEO**	**Chairman**

The accompanying notes (1) to (33) form an integral part of these financial statements.

SAUDI INDUSTRIAL EXPORT COMPANY
(Saudi Joint Stock Company)
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
For the year ended 31 December 2022
(All amounts are in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Actuarial reserve	Accumulated losses	Total
Balance as at 1 January 2021	64,800,000	642,645	248,042	(37,954,378)	27,736,309
Net loss for the year	-	-	-	(14,883,172)	(14,883,172)
Other comprehensive income for the year	-	-	109,291	-	109,291
Total comprehensive loss for the year	-	-	109,291	(14,883,172)	(14,773,881)
Balance as at 31 December 2021	64,800,000	642,645	357,333	(52,837,550)	12,962,428
Balance as at 1 January 2022	**64,800,000**	**642,645**	**357,333**	**(52,837,550)**	**12,962,428**
Absorption of losses through reducing share capital (note 16)	**(43,200,000)**	-	-	**43,200,000**	-
Share Capital Increase through rights-issue (note 16)	**172,800,000**	-	-	-	**172,800,000**
Transaction cost of rights-issue (note 17)	-	-	-	**(4,764,120)**	**(4,764,120)**
Net loss for the year	-	-	-	**(21,093,008)**	**(21,093,008)**
Other comprehensive income for the year	-	-	**116,428**	-	**116,428**
Total comprehensive loss for the year	-	-	**116,428**	**(21,093,008)**	**(20,976,580)**
Balance as at 31 December 2022	**194,400,000**	**642,645**	**473,761**	**(35,494,678)**	**160,021,728**

Ahmed Talat Abdelaziz	**Suliman Hamad Al Jadie**	**Hatem Hamad Al Sehbany**
CFO	**CEO**	**Chairman**

The accompanying notes (1) to (33) form an integral part of these financial statements.

SAUDI INDUSTRIAL EXPORT COMPANY
(Saudi Joint Stock Company)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2022
(All amounts are in Saudi Riyals unless otherwise stated)

	note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss from continuing operations before zakat		**(22,187,306)**	(12,974,683)
Gain / (loss) from discontinued operations	15	**3,206,179**	(959,676)
Net loss before zakat		**(18,981,127)**	(13,934,359)
Adjustments for:			
Depreciation of property, plant and equipment	6	**269,932**	256,965
Amortization of intangible assets	7	**6,102**	-
Write-off intangible assets	7	**57,967**	78,206
Depreciation of right-of-use assets	8a	**140,477**	206,565
Gain from disposal of property, plant and equipment	26	**(92,595)**	-
Impairment of other assets balances	25	**2,918,971**	-
Impairment of amounts due from shareholders	21 c	**677,521**	-
Reversal (impairment) of trade receivables	12	**(1,014,152)**	3,042,586
Dividends from investments carried at FVTPL	10	**(46,823)**	-
Realized gains on disposal of investments carried at FVTPL	10	**(395,492)**	(1,501,453)
Unrealized losses on investments carried at FVTPL	10	**1,059,633**	-
Finance costs	8 b	**14,617**	42,684
Short term bank deposits income	13	**(583,333)**	-
Disposal of property, plant and equipment related to discontinued operations	15	**2,525,122**	-
Depreciation of property, plant and equipment related to discontinued operations	6	**104,144**	214,402
Disposal of right-of-use assets related to discontinued operations	15	**561,892**	-
Depreciation of right-of-use assets related to discontinued operations	8a	**30,956**	-
Derecognition of lease liabilities related to discontinued operations	8 b	**(626,947)**	-
Finance cost related to discontinued operations	8 b	**20,481**	77,808
Gain from derecognition of lease liabilities	8 b	**(16,722)**	-
Impairment of inventory	10	-	1,333,836
Employee defined benefit obligations	17	**210,838**	259,930
		(13,158,538)	(9,922,830)
Changes in working capital items:			
Decrease in trade receivables		**6,956,316**	4,554,551
Decrease in inventory		-	2,118,254
(Increase) decrease in prepayments and other assets		**(13,066,510)**	4,337,390
(Decrease) increase in trade payables		**(2,869,572)**	2,165,386
Decrease in accrued expenses and other current liabilities		**(794,272)**	(3,355,229)
Cash used in operations		**(22,932,576)**	(102,478)
Defined benefit obligations paid to employees	17	**(150,654)**	(61,925)
Zakat paid	22 b	**(882,826)**	(1,996,427)
Net cash used in operating activities		**(23,966,056)**	(2,160,830)

The accompanying notes (1) to (33) form an integral part of these financial statements.

SAUDI INDUSTRIAL EXPORT COMPANY
(Saudi Joint Stock Company)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2022
(All amounts are in Saudi Riyals unless otherwise stated)

	note	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Aditions to property, plant and equipment	6	**(97,324)**	(84,232)
Aditions to intangible assets	7	**(26,624)**	(57,967)
Proceeds from disposal of property, plant and equipment		**102,640**	-
Acquisition of investments carried at FVTPL	10	**(67,943,102)**	(966,478)
Dividends received from investments carried at FVTPL	10	**46,823**	-
Proceeds from disposal of investments carried at FVTPL	10	**8,445,406**	2,467,931
Investment in short-term bank deposits	13	**(30,000,000)**	-
Net cash (used in) generated from investing activities		**(89,472,181)**	1,359,254
CASH FLOWS FROM FINANCING ACTIVITIES			
Share capital increase through rights issue	16	**172,800,000**	-
Changes in amounts due to shareholders	21 c	**935,649**	(1,776)
Changes in amounts due from shareholders	21 b	**(2,821,767)**	-
Transaction cost of rights issue	17	**(4,764,120)**	-
Lease liabilities paid	8 b	**(354,074)**	(200,319)
Net cash from (used in) financing activities		**165,795,688**	(202,095)
Net change in cash and cash equivalents		**52,357,451**	(1,003,671)
Cash and cash equivalents at the beginning of the year		**7,480,359**	8,484,030
Cash and cash equivalents at the end of the year	14	**59,837,810**	7,480,359
Non-cash transactions			
Absorption of losses through share capital	16	**43,200,000**	-
Written off trade receivables during the year	12	**2,659,910**	-
Actuarial gain from employee defined benefit obligations	19	**116,428**	109,291
Employee defined benefit obligations transferred to accrued expenses and other current liabilities	19	**12,036**	9,849

Ahmed Talat Abdelaziz
CFO

Suliman Hamad Al Jadie
CEO

Hatem Hamad Al Sehbany
Chairman

The accompanying notes (1) to (33) form an integral part of these financial statements.

(All amounts are in Saudi Riyals unless otherwise stated)

1- Status and nature of business

Saudi Industrial Export Company is a Saudi Joint Stock Company (the "Company"), established pursuant to the Minister of Industry and Trade resolution, No. 954 dated 12 Dhu al-Qidah 1410H. corresponding to 5 June 1990. The Company is registered under Commercial Register No. 1010077554 issued in Riyadh on 25 Dhu al-Qidah 1410H. corresponding to 18 June 1990. Unified entity no. 7001344865.

The Company's head office is located in:

P.O. Box 21977

Riyadh 11485

Kingdom of Saudi Arabia

The Company's issued and authorized capital amounts to 194,400,000 Saudi Riyals divided into 19,440,000 shares of 10 Saudi Riyals each.

- The Company operates through the following branches, which assets, liabilities and operational results have been included in these financial statements:

Branch name	City	CR number	Registration date
Saudi Industrial Export Company Branch	Riyadh	1010598789	14/2/1441 H
Saudi Industrial Export Company Branch	Riyadh	1010620859	11/5/1441 H
Saudi Industrial Export Company Branch	Riyadh	1010618735	27/4/1441 H
Saudi Industrial Exports Company - UAE Branch	Dubai	1473310	12/12/2019

- The Company is engaged in the wholesale of lubricating oils and refined petroleum products, the wholesale of cement, plaster and the like, the wholesale of primary plastic materials, rubber and synthetic fibers, and storage in ports and customs or free zones.
- The activity of the branch of the Saudi Industrial Export Company - Commercial Registration No. 1010598789 is represented in the loading and unloading of air cargo planes, transporting goods by sea and directing cargo transport vehicles.
- The branch of the Saudi Industrial Export Company - Commercial Registration No. 1010620859 - is engaged in wholesale food and beverages, storage in grain and flour silos warehouses, food and agricultural products inventory, and dry food inventory.
- The branch of the Saudi Industrial Export Company - Commercial Registration No. 1010618735 - is engaged in the wholesale sale of chemicals.
- The activity of the Saudi Industrial Export Company - UAE branch - is engaged in general trade under the industrial license issued by Decision No. 868310 on 15 Rabi' al-Akhir 1441H corresponding to 12 December 2019.
- The activity of the Saudi Industrial Exports Company - Sudan Branch - was engaged in import and export under the commercial license issued by Resolution No. 2450 dated 1 Rabi` al-Akhir 1441 H, corresponding to November 28, 2019 In the free zone Qura. During the year, the Company terminated the license to practice the activity and the lease contract associated with it.
- SARA Medical Supplies Factory - branch of Saudi Industrial Export Company - was engaged in the manufacture of disinfectants and sterilizers for medical products and devices, the manufacture of disinfectants and sterilizers for non-medical use, the wholesale sale of soap and detergents, the retail sale of medical devices, equipment and supplies under the industrial license amended by Decision No. 247 dated 28 Muharram 1439H corresponding to 18 October 2017. During the year the Company cancelled the commercial registeration on 13 Jamaad Alwal 1444 corresponding to 7 December 2022 (Note 15).

The Company's fiscal year commences at the beginning of January and ends at the end of December of each gregorian calendar year.

2- Basis of preparation

2-1 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronnouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

2-2. Basis of measurement

These financial statements have been prepared on the historical cost basis, except for investments carried at FVTPL which is recognized at fair value and the recognition of employees' defined benefit obligations at the present value of future obligations using the projected unit credit method.

2-3 Functional and presentation currency

These financial statements are presented in Saudi Riyals (SR), which is the Company's functional and presentation currency.

2-4 Discontinued operations and non-current assets held for sale (or held for distribution to shareholders)

The results of discontinued operations are presented separately in the statement of profit or loss and other comprehensive income. Non-current assets (or disposal groups), if any, are classified as held for sale (or held for distribution to shareholders) at their book value or fair value less cost to sell (or cost of distribution), whichever is lower. Non-current assets (or disposal groups) are classified as held for sale (or held for distribution to shareholders) if their book value will be recovered through a sale transaction rather than continuing use. In that case when the asset (or disposal group) is available for immediate sale in its present condition only subject to the normal and ordinary terms of sale of such assets (or disposal group) and the sale is considered highly probable.

A sale is considered highly likely if the relevant management level is committed to a plan to sell the asset (or disposal group), and an active program to find a buyer and complete the plan has been initiated. Furthermore it; The asset has been actively marketed for sale (or disposal group) at a reasonable price in relation to its current fair value. In addition, the sale is expected to qualify for recognition as a completed sale within one year from the date it is classified as held for sale. Non-current assets for sale are not depreciated or amortized while they are classified as held for sale (or held for distribution to shareholders). The interest and other expenses associated with the obligations of the disposal group are recognized. Non-current assets (or disposal group) classified as held for sale (or held for distribution to shareholders) are classified separately from other assets in the statement of financial position. Obligations of disposal group classified as held for sale (or held for distribution to shareholders) are categorized separately from other liabilities in the statement of financial position.

2-5 Going concern basis of accounting

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue its activities for the foreseeable future. The ability of the Company to continue as Going concern depends on obtaining finance, profitable contracts and increase the volume of its revenues appropriately.

The Company is working on expanding the business model by entering into operations complementary to the Company's activity according to the by-laws to include storage operations in regional and international free zones, in addition to entering into import operations for raw materials and expanding transportation operations for the Company's account and for the account of others. In addition, the Company's management is working to trade in items with a high profit margin, such as foodstuffs. In 15 February 2022, the share capital has been restructured by absorption of accumulated losses through capital reduction from SR 64.8 million to SR 21.6 million. Furthermore, during 2022, the Company completed the regulatory requirements to increase the share capital through rights- issue amounting to SR 172.8 million (note 16).

The management reasonably expects the Company to continue as a going concern for the foreseeable future by activating its new strategy which already implemented starting July 2022 and the business plan that was submitted to the related regulatory and obtained the approvals for the capital increase.

(All amounts are in Saudi Riyals unless otherwise stated)

3- New standards, amendments to standards and interpretations

Amendments

A number of new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Company's Financial Statements, except for where referenced below.

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract. These amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.
IFRS 16, IFRS 9, IAS 41 and IFRS 1	Annual Improvements to IFRS Standards 2018–2020	January 1, 2022	IFRS 16: The amendment removes the illustration of the reimbursement of leasehold improvements IFRS 9: The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment is to be applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. IAS 41: The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. IFRS 1: The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation difference.
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. Additionally, the amendments also clarify the meaning of 'testing whether an asset is functioning properly'.
IFRS 3	Reference to the Conceptual Framework	January 1, 2022	The amendment as a whole updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.

(All amounts are in Saudi Riyals unless otherwise stated)

3- New standards, amendments to standards and interpretations (Continued)

New standards, amendments and revised IFRS issued but not yet effective

The Company has not applied the following new and revised IFRS and amendments to IFRS that have been issued but are not yet effective.

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 17	Insurance Contracts	January 1, 2023	This is comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005.
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of a liability would not impact its classification.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements
IAS 8	Amendment to definition of accounting estimate	January 1, 2023	This amendments regarding the definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Income taxes	January 1, 2023	This amendment deals with clarification regarding accounting of deferred tax on transactions such as leases and decommissioning obligations
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary.

Management anticipates that these new interpretations and amendments to standards will be adopted in the Company’s financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

4- Significant accounting judgments, estimates and assumptions

In preparing these financial statements, management has used judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which are the basis for making judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. A revision of accounting estimates is recognized in the year in which the estimates are revised if the revision affects only that year, or in the revision year and future years if the revision affects both current and future years.

Significant estimates in applying the Company's accounting policies

The following are the significant estimates made by management in the process of applying the Company's accounting policies that have a material effect on the amounts recognized in the financial statements.

Determine the discount rate to calculate the present value

Discount rates represent the current market assessment of the risks associated with scheduling cash flows, taking into account the time value of money and the individual risks of the underlying assets that have not been included in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company.

Actuarial valuation of employees' defined benefit obligations

The cost of employee end-of-service benefits ("employee benefits") under the defined benefit program is determined using the projected unit credit method. The actuarial valuation involves making various assumptions that may differ from actual developments in the future. These assumptions include determining the discount rate, future salary increases, mortality and employee turnover rates. Given the complexity of the valuation and its long-term nature; The defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are adjusted on an annual basis, or more frequently, if necessary.

Useful lives of property, plant and equipment and intangible assets

As explained in Note 5, the Company estimates the useful lives of its property, plant and equipment at the end of each annual reporting period. These estimates are determined after considering the expected usage of the assets or depreciation arising from physical use. Management reviews the residual value and useful lives annually and future depreciation charges will be adjusted as management believes that the useful lives differ from previous estimates.

Zakat provision

The management has assessed the zakat status taking into account the local zakat legislations, the resolutions issued periodically and the agreements. The interpretation of legislative decrees and agreements is not always clear and requires completion of the assessment by the Zakat, Tax and Customs Authority.

5 -Significant accounting policies

5-1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:
• Expected to be realized or intended to be sold or consumed in the normal operating cycle;
• It is held primarily for the purpose of trading;
• Expected to be realized within 12 months after the reporting period
• cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.
The Company classifies all other assets as non-current assets.

A liability is current when:
• It is expected to be settled in the normal operating cycle
• It is held primarily for the purpose of trading
• It is due to be settled within 12 months after the reporting period
• There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.
The Company classifies all other liabilities as non-current liabilities.

5-2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

Level 1: Quoted (unadjusted) market prices in active markets for identical assets and liabilities can be obtained at the measurement date.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly observable (such as prices) or indirectly (derived from prices).

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (unobservable inputs). For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level significant inputs to the fair value measurement as a whole) at the end of the year. the report. The Company sets policies and procedures for both recurring fair value measurements and non-recurring fair value measurements.

(All amounts are in Saudi Riyals unless otherwise stated)

5 -Significant accounting policies (Continued)

5-2 Fair value measurement (Continued)

At each reporting date, the Company analyzes changes in the values of assets and liabilities that must be remeasured or revalued in accordance with the Company's accounting policies. For this analysis, the Company verifies the main inputs applied in the last evaluation by matching the information in the evaluation calculation with contracts and other related documents. The Company also compares the change in the fair value of each asset or liability with other external sources to determine whether the change is reasonable. For the purposes of fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as described above.

	Fair value level			
As of 31 December 2022	**1**	**2**	**3**	**Total**
Financial investments carried at FVTPL	**11,496,855**	**-**	**-**	**11,496,855**
Investment funds	**30,295,033**	**17,041,667**	**-**	**47,336,700**

5-3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, except for capital work-in-progress which are stated at cost and are not depreciated. Capital work in progress represents costs directly attributable to new projects in progress and is capitalized as property, plant and equipment when the project is completed. However, depreciation of these assets under construction begins when the asset becomes available for use.

Subsequent expenditures are capitalized only if it is probable that the future economic benefits associated with the expenditures will flow to the Company and the amount can be measured reliably.

Finance costs on loans to finance the construction of qualifying assets, if any, are capitalized during the period of time required to complete and prepare the qualifying asset for use.

When parts of property, plant and equipment are cost-significant compared to the total cost of the item, and where such parts/components have a different useful life than other parts and need to be replaced at different intervals, the Company records those parts as individual assets with a specific useful life and depreciates them accordingly. All other repairs and maintenance costs are recognized in the statement of profit or loss as incurred.

Depreciation is calculated from the date that an item of property, plant and equipment is available for use or in respect of self-constructed assets, from the date these assets are ready for use.

Depreciation is calculated based on a straight line method over the useful life of the asset as follows:

Asset classification	**Depreciation rate**
Building	2.5%
Tools and equipment	12.5%
Furniture and fixtures	10%
Computers and tools	12.5% - 25%
Vehicles	25% - 33.3%
Leasehold improvements	20% or the lease term, whichever is shorter

5 -Significant accounting policies (Continued)

5-3 Property, plant and equipment (Continued)

If there is an indication that there has been a significant change in the useful life or residual value of an item, future depreciation is revised to reflect the new estimates. An item of property, plant and equipment and any significant part that is recognized initially is derecognised when it has been disposed of or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss. Items such as spare parts, auxiliary equipment and servicing equipment, if any, are recognized in accordance with this IFRS when they meet the definition of property, plant and equipment. Otherwise, these items are classified as inventory.

5-4 Intangible assets

An intangible asset is initially recognized at cost equal to the fair value of the consideration paid at the time the asset was acquired.

Intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated using the straight-line method to allocate the cost of the assets over their useful life.

Intangible assets that do not have a useful life are carried at cost less impairment in value, if any.

Gains and losses on disposal of intangible assets are included in the statement of profit or loss and other comprehensive income.

Intangible assets consist of software licenses and are amortized over 3 years.

5-5 Right -of - use assets and lease liabilities

The Company has recognized assets and liabilities for its operating leases for various types of contracts. Each lease payment is distributed between the liabilities and finance cost. The finance cost is charged to the statement of profit or loss and other comprehensive income over the lease term so that a constant periodic interest rate is accrued on the remaining balance of the liability for each period, the right to use the asset is amortized over the useful life of the asset and the lease term, whichever is shorter, based on straight line method.

The assets and liabilities arising under the lease are initially measured on a present value basis.

1- Right-of-use assets are measured at cost that includes the following:
- the initial measurement amount of the lease liability,
- any direct upfront costs, and
- Restoration costs.

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

2- The lease liabilities include the net present value of the following lease payments:
- fixed payments (including in substance fixed payments) less any debit rent incentives,
- variable lease payments based on an index or rate,
- Amounts expected to be paid by the lessee under residual value guarantees,
- the exercise price of the purchase option if the lessee is reasonably certain to exercise the option, and
- Payments of fines for termination of the lease, if the lease term reflects the exercise of that option by the lessee.

5 -Significant accounting policies (Continued)

5-5 Right -of - use assets and lease liabilities (Continued)

Lease payments are discounted using the incremental lending rate which is the price the leasee will pay to borrow the money needed to acquire an asset of similar value in a similar economic environment on similar terms and conditions.

Payments for short-term leases and leases of low-value assets on a straight-line basis are recognized as an expense in the statement of profit or loss. Short-term leases are lease contracts with a lease term of 12 months or less, and include low-value assets.

5-6 Inventory

Inventories are valued at cost or net realizable value, whichever is lower, and cost is determined on a weighted average basis. The cost of finished and semi-finished goods includes the cost of raw materials, labor and indirect manufacturing costs that contribute to converting raw materials into a final product. Net realizable value consists of the estimated selling price in the ordinary course of business, less incremental production costs to complete it and any other costs required to make the sale. The Company reviews the carrying amount of inventories on a regular basis. When necessary, inventories are impaired to their net realizable value or provision is made for obsolescence if there is a change in the usage pattern or physical form of the relative inventories.

Management estimates the net realizable value of inventory, considering the most reliable evidence at the time the estimates are used and making a provision for obsolete inventory. These estimates take into account changes in demand for goods, changes in technology, and fluctuations in quality and prices. Accordingly, the Company considers and takes into account these factors in calculating the provision for obsolete, slow moving and damaged items.

Spare parts are valued at cost or net realizable value, whichever is lower. Cost is determined on a weighted average cost basis. The provision for obsolete and slow moving inventory, if any, is estimated at each reporting date.

5-7 Impairment of non-financial assets

At each reporting date, the non-financial assets are reviewed to determine whether there is any indication that those assets have incurred an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of similar assets) is estimated and compared to its carrying amount. If the estimated recoverable amount is less, the carrying amount is reduced to its estimated recoverable amount, and the impairment loss is recognized immediately in the statement of profit or loss.

Impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is greater than its fair value less costs of disposal and value in use. The recoverable amount is sensitive to the discount rate used for the (discounted cash flow) model as well as expected future cash flows and the growth rate used for extrapolation purposes.

Similarly at each reporting date, inventory is assessed for any impairment by comparing the carrying amount of each inventory asset (or group of similar assets) to its selling price less costs to complete and sell. If there is a decrease in one of the inventory assets (or a group of similar assets), its carrying amount is reduced to the selling price less costs necessary to complete and sell, and an impairment loss is recognized immediately in the statement of profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset (or a group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and selling, in the case of inventory), provided that the carrying amount does not increase in excess of the carrying amount that would have been determined had no impairment loss been recognized for those assets for the previous year. The reversal of the impairment loss is recognized immediately in the statement of profit or loss.

5- Significant accounting policies (Continued)

5-8. Financial instruments

5-8-1 Financial Assets

5-8-1-1. Classification of financial assets

On initial recognition, the financial assets are classified as measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. However, the Company as at the reporting date only held investments carried at amortized cost and fair value through profit or loss.

a) Financial assets at amortized cost
A financial asset is measured at amortized cost if it meets the following two conditions and is not designated at fair value through profit or loss:
• Holds assets in a business model whose objective is to hold assets to collect contractual cash flows.
• The contractual terms of the financial assets give rise on specified dates to cash flows that are only payments of principal and interest on the principal amount outstanding.

b) Financial assets at fair value through other comprehensive income
Equity Tools
On initial recognition, for an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes at fair value through other comprehensive income, and this choice is made on the basis of the investment for the investment.

c) Financial assets at fair value through profit or loss
All other financial assets are classified as measured at fair value through profit or loss (eg held-for-trading equity and debt securities not classified as not at amortized cost or at fair value through other comprehensive income).

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized value, at fair value through other comprehensive income or at fair value through profit or loss if that eliminates or significantly reduces the Accounting mismatches that might otherwise arise.

5-8-1-2. Derecognition of financial assets
A financial asset or part of a financial asset is derecognised when:
1) The right to receive cash flows from the asset has expired, or
2) The Company has transferred its right to receive cash flows from the asset or assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement: and either:
1) The Company has transferred substantially all the risks and benefits of the assets, or
2) The Company neither transfers nor retains substantially all the risks and benefits of the asset and does not retain control of the financial asset

5-8-1-3. Impairment of financial assets
The Company assesses on a forward-looking basis the expected credit losses over the life of its investments carried at amortized cost.

The Company applies the simplified approach as permitted by IFRS 9, which requires recognition of expected losses over the life of the initial recognition of receivables.

5- Significant accounting policies (Continued)

5-8 Financial instruments (Continued)

5-8-1 Financial Assets (Continued)

5-8-1-3 Impairment of financial assets (Continued)

The Company uses a provision matrix in calculating ECL on receivables to estimate lifetime ECL, with certain provision rates applied to contractual obsolescence sets that are past due. The provision matrix has been developed taking into consideration the probability of default and loss in the event of default which is derived from the historical statements of the Company and has been modified to reflect the expected future outcome and which includes macroeconomic factors.

Other instruments are considered low risk and the Company uses a temporary matrix in calculating expected credit losses.

A financial asset is written off only when:

1) It's overdue, and

2) There is no reasonable expectation of recovery

In the event that financial assets are written off, the Company continues to engage in enforcement activities to attempt to recover outstanding receivables. When recoveries are made, after write-off, they are recognized in the statement of profit or loss.

5-8-2 Financial Liabilities

5-8-2-1 Initial recognition
Financial liabilities are initially recognized at fair value and in the case of loans and facilities, the fair value of the consideration received less directly attributable transaction costs.

5-8-2-2 Subsequent measurement
After initial recognition , the financial liability is subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognised, as well as through the amortization process.

5-8-2-3 Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the obligation is discharged, canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability, and the difference in the relative carrying amounts is recognized in the statement of profit or loss.

5-8-3 Offsetting financial instruments
Financial assets and liabilities are offset and the net amount is recorded in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The right must not be legally enforceable contingent upon future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the other party.

5- Significant accounting policies (Continued)

5-8 Financial instruments (Continued)

5-8-4 Fair value hierarchy of financial instruments

The Company classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in its valuation:

First level
The fair value of financial instruments listed in active markets is based on the closing price quoted at the statement of financial position date. Examples include commodity derivatives and other financial assets such as equity investments and debt securities.

Second Level
The fair value of financial instruments that are not traded in an active market is determined using valuation techniques using observable market data. These valuation methods include discounted cash flows, standard valuation models based on market standards for interest rates, yield curves or foreign exchange rates, dealer rates for similar instruments, and the use of comparable business transactions.

Third level
The fair value of financial instruments that are measured based on the entity's own valuations using inputs not based on observable market data (unobservable inputs).

5-8-5 Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and liability and of allocating interest income and expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash inflows (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where applicable, the period Shorter to net book value on initial recognition.

5-9 Short term bank deposits.

Include the deposits in bank for a short period of time that has original maturity period over 3 months and less than 12 months from the date of acquisition.

5-10 Cash and cash equivalents
Cash and cash equivalents include cash in banks and bank deposits that mature within 3 months or less, if any. It also includes bank overdrafts that are an integral part of the Company's cash management and are likely to fluctuate from overdraft to positive balances.

5-11 Equity reserves
The share capital represents the nominal (nominal) value of the shares that have been issued. Retained earnings include all current and prior year retained earnings. All transactions with the shareholders of the Company are recorded separately within equity.

5-12 Statutory reserve
In accordance with the Company's by-laws and the Companies Law in the Kingdom of Saudi Arabia, 10% of the net profit for the year is transferred to the statutory reserve until the reserve reaches 30% of the share capital. This reserve is not available for distribution to shareholders. However, it can be used to raise capital after obtaining shareholders approval.

5- Significant accounting policies (Continued)

5-13 Cash and non-cash dividends to shareholders

Cash or non-cash distributions to shareholders are recognized as liabilities when the distribution is approved, and according to the Companies Law in the Kingdom of Saudi Arabia, dividends are recognized when approved by the shareholders. The amount distributed is deducted directly from equity and recognized as a liability.

5-14 Employees' defined benefit obligations

Short term liabilities
Liabilities for wages and salaries, including non-monetary benefits, accrued leave, airfare allowance, children's education allowance, and Furniture and fixtures allowance expected to be fully settled within 12 months after the end of the year in which employees render the related service in respect of employee services until the end of The reporting year is measured at the amounts expected to be paid when the liabilities are settled.

Employees' defined benefit obligations
The liability or asset recognized in the statement of financial position assigned to a defined end-of-service benefit plan is the present value of the defined benefit obligation at the end of the reporting year. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method.

The present value of the liability is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are determined in the currency in which the benefits will be paid, and that have terms that approximate the terms of the relevant liability.

Defined benefit costs are categorized as follows:

Service cost
Service costs include current service and past service is recognized in the statement of profit or loss immediately.
Changes in the present value of the defined benefit obligation resulting from plan Adjustments or curtailments are recognized immediately in the statement of profit or loss as past service costs.

Interest cost
The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included within the employee benefits in the statement of profit or loss.

Remeasurement of gains or losses
Remeasurement gains or losses arising from experience adjustments and changes in actuarial assumptions in the year in which they occur are recognized in the statement of comprehensive income.

5-15 Accounts payable and accruals
Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed by suppliers.

5-16 Zakat
The Company is subject to zakat according to the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Zakat is provided on an accrual basis. Zakat is calculated based on the zakat base or adjusted net income, whichever is higher. Any variances in the estimate is recorded when the final assessment is approved, at which time the provision is recognized in the statement of profit or loss.

5- Significant accounting policies (Continued)

5-17 Value Added Tax (VAT)

Revenues, expenses and assets are recognized after deducting value added tax except for:

Where VAT incurred on the purchase of assets or services is not recoverable from the Zakat, Tax and Customs Authority , in which case the transaction tax is recognized as part of the asset purchase cost or as part of the expense items, where applicable; and receivables and payables that have been included with the transaction tax amount.

The net amount of VAT recoverable from, or payable to the Zakat, Tax and Customs Authority is included as part of receivables or payables in the statement of financial position.

5-18 Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) at the reporting date as a result of a past event, it is probable that the Company will have an obligation to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably.The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtuallycertain that payment will be received and the amount of the receivable can be measured reliably.

5-19 Contingencies

All potential contingent liabilities For past events that will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that the Company does not fully control or all current liabilities arising from past events but not recognized for the following reasons:

1) There is no possibility that an outflow of benefits of economic resources will be required to settle the liability.
2) The amount of the liaability cannot be measured reliably, they must all be valued at each date of balance sheet and disclosed in the Company's financial statements as contingencies.

Assumptions are removed from the statement of financial position when the liability specified in the contract is discharged, canceled or expires. Loans are classified as a current liability when the remaining maturity date is less than 12 months.

5-20. Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold less returns and trade discounts and volume discounts or agreed upon services rendered to customers.

The Company satisfies a performance obligation and recognizes revenue over a period of time if one of the following criteria is met:

a. The Company's performance does not originate with a substitute use of the Company and the Company has an enforceable right to receive payment for performance completed to date.

b. The Company's performance creates or improves an asset that is under the control of the customer when that asset is created or improved.

c. The customer simultaneously receives and benefits from the rewards provided by the Company's performance while the Company is fulfilling the performance.

5- Significant accounting policies (Continued)

5-20. Revenue recognition (Continued)

For performance obligations in which one of the conditions described above is not met, revenue is recognized when the performance obligation is fulfilled.

When the Company fulfills a performance obligation by delivering the agreed goods or services, it creates a contract asset based on the amount of price that the performance earns. When the amount of the consideration received from the customer exceeds the amount of revenue recognized, it gives rise to an obligation under the contract.

Revenue is measured at the fair value of the consideration received or receivable, subject to contractually defined terms of payment and excluding taxes and fees. Revenue is recognized when it is probable that economic benefits will flow to the Company and the amount of revenue and costs, if applicable, can be measured reliably.

The Company has defined one performance obligation which is to deliver the goods to customers in accordance with the terms of customer contracts. Accordingly, revenue is recognized at the time the performance obligation is fulfilled.

There is no element of financing is considered to exist as revenue is made either in cash or on credit basis in line with market practices.

Principal vs. Agent Considerations
The Company considers factors such as having primary responsibility for providing the goods, assuming inventory risk, being able to set prices, and whether it is acting as principal or agent when delivering goods to a customer as this will affect whether revenue is recognized on a gross or net basis.

When the above indications are met, the Company is considered as principal and therefore sales transactions related to the above are recorded on a gross basis. On the contrary, when the above indications are not met, the Company is considered as the agent and, accordingly, sales transactions are recorded on a net basis.

5-21 Cost of revenue
Cost of revenue includes the direct costs of sales, including costs of materials, service contracts and overheads that are directly related to revenue .

5-22 Selling, distribution, general and administrative expenses
Selling, distribution, general and administrative expenses include direct and indirect costs that are not specifically part of cost of revenue. Allocation between cost of revenue and selling, distribution, general and administrative expenses, when required, is made on a consistent basis.

5-23 Finance cost
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized over the period of time necessary to complete and prepare the asset for its intended use or sale. Other Finance costs are charged as an expense in the year in which they are incurred and are recorded as ‘finance cost’. Financing costs are of the interest and other costs incurred by the Company related to the lease liabilities and employee defined benefit.

5- Significant accounting policies (Continued)

5-24 Earnings per share (EPS)

The Company presents basic and diluted earnings per share (if any) per common stock. Basic EPS is calculated from net profit or loss by dividing the profit or loss attributable to the Company's common stockholders by the weighted average number of common stock outstanding during the year, adjusted for the number of common stock repurchased or issued during the year. Diluted EPS is adjusted for the profit or loss attributable to the Company's common stockholders and the weighted average number of stock outstanding during the year with the effect of all potentially issued common stock.

5-25 Segment information

The Company's operating segments are identified based on internal reports, which are reviewed regularly by the Company's key operational decision makers (the chief operating decision maker) in order to allocate resources among the segments and to assess their performance.

5-26 Foreign currencies

Translation in foregin currencies are initially recognized by the Company at the spot rates of its own functional currency on the date that the transaction qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates of the functional currency at the reporting date.

Differences arising from the settlement or translation of monetary items are recognized in the statement of profit or loss and other comprehensive income.

5-27 Transactions and balances in foreign currencies

Transactions in foreign currencies are translated into Saudi Riyals using the exchange rate prevailing on the date of the transactions. Foreign exchange gains and losses resulting from the settlement of these transactions and from the re-measurement of monetary items denominated in foreign currency at the exchange rates prevailing at the end of the year are recognized in the statement of profit or loss and other comprehensive income.

Non-monetary items are not retranslated at the end of the year and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value that are translated using the exchange rates at the date when the fair value was determined.

(All amounts are in Saudi Riyals unless otherwise stated)

6- Property, plant and equipment

	2022								2021
	Building	**Tools and equipment**	**Furniture and fixtures**	**Computers and tools**	**Vehicles ***	**Leasehold improvements**	**work in progress**	**Total**	Total
Cost:									
As at the beginning of the year	**2,803,014**	**882,551**	**767,822**	**1,212,906**	**396,983**	**568,426**	**70,800**	**6,702,502**	6,618,270
Additions	**-**	**-**	**43,219**	**54,105**	**-**	**-**	**-**	**97,324**	84,232
Disposals from discontinued operations (Note 15)**	**(2,803,014)**	**(882,551)**	**(95,634)**	**(222,908)**	**-**	**-**	**(70,800)**	**(4,074,907)**	-
Disposals	**-**	**-**	**-**	**-**	**(260,547)**	**-**	**-**	**(260,547)**	-
As at the end of the year	**-**	**-**	**715,407**	**1,044,103**	**136,436**	**568,426**	**-**	**2,464,372**	6,702,502
Accumulated Depreciation:									
As at the beginning of the year	**439,614**	**776,468**	**595,103**	**952,667**	**308,806**	**246,283**	**-**	**3,318,941**	2,847,574
Charged during the year (note 25)	**-**	**-**	**22,622**	**62,959**	**70,666**	**113,685**	**-**	**269,932**	256,965
Charged during the year related to discontinued operations (note 15)**	**58,396**	**16,468**	**83**	**29,197**	**-**	**-**	**-**	**104,144**	214,402
Disposals from discontinued operations (Note 15)	**(498,010)**	**(792,936)**	**(95,557)**	**(163,282)**	**-**	**-**	**-**	**(1,549,785)**	-
Disposals	**-**	**-**	**-**	**-**	**(250,502)**	**-**	**-**	**(250,502)**	-
As at the end of the year	**-**	**-**	**522,251**	**881,541**	**128,970**	**359,968**	**-**	**1,892,730**	3,318,941
Net book value:									
As of 31 December 2022	**-**	**-**	**193,156**	**162,562**	**7,466**	**208,458**	**-**	**571,642**	
As of 31 December 2021	2,363,400	106,083	172,719	260,239	88,177	322,143	70,800	-	3,383,561

* During 2020, the Company purchased vehicles amounting to SR 227,393 through a three-year financial lease ending with transfer of ownership. The related lease liability is disclosed in note (8 b). During 2022, the Company completed the transfer of ownership for the vehicles under its name and paid all related amounts.

** Discontinued operations with respect to cost disposals, charges during the year and disposals of accumulated depreciation and their impact on the above note were presented separately (Note 15).

***Property, plant and equipment includes assets having a cost amount of SR 1,217,966 as of 31 December 2022 which are fully depreciated but still in use.

(All amounts are in Saudi Riyals unless otherwise stated)

6- Property, plant and equipment (Continued)

	2021							
	Building	Tools and equipment	Furniture and fixtures	Computers and tools	Vehicles *	Leasehold improvements	work in progress	Total
Cost:								
As at the beginning of the year	2,803,014	880,151	738,270	1,160,626	396,983	568,426	70,800	6,618,270
Additions	-	2,400	29,552	52,280	-	-	-	84,232
As at the end of the year	2,803,014	882,551	767,822	1,212,906	396,983	568,426	70,800	6,702,502
Accumulated Depreciation:								
As at the beginning of the year	369,537	714,531	557,147	847,290	226,436	132,633	-	2,847,574
Charged during the year (note 25)	70,077	61,937	37,956	105,377	82,370	113,650	-	471,367
As at the end of the year	439,614	776,468	595,103	952,667	308,806	246,283	-	3,318,941
Net book value:								
As of 31 December 2021	2,363,400	106,083	172,719	260,239	88,177	322,143	70,800	3,383,561

* During 2020, the Company purchased vehicles amounting to SR 227,393 through a three-year financial lease ending with transfer of ownership. The related lease liability is disclosed in note (8 b). During 2022, the Company completed the transfer of ownership for the vehicles under its name and paid all related amounts.

(All amounts are in Saudi Riyals unless otherwise stated)

7- Intangible assets

	2022	2021
Cost: (Software licenses)		
Balance at the beginning of the year	**57,967**	78,206
Additions during the year	**26,624**	57,967
Write-off during the year (note 25) *	**(57,967)**	(78,206)
Balance at the end of the year	**26,624**	57,967
Accumulated amortization:		
Balance at the beginning of the year	**-**	-
Charged during the year (note 25)	**6,102**	-
Balance at the end of the year	**6,102**	-
Net book value:		
As of 31 December 2022	**20,522**	**-**
As of 31 December 2021		57,967

* During 2022, the board of directors has approved to digital transformation plan of the Company. As a result, the company ended the agreement and decided to write off the asset.

8- Right -of- use assets and lease liabilities

8 a Right-of-use assets

Right-of-use assets related to lease of Company's head office building for a period of 3 years which ended in 2022, and land of Sarah Factory for Medical Supplies for a period of 20 years whose lease was transferred as part of the agreement to sell the Sara factory during 2022 (Note 15).

	2022	2021
Cost: (Buildings)		
Balance at the beginning of the year	**1,228,640**	1,228,640
Disposals During the year related to Discontinued Operations (note 15)	**(722,184)**	-
Disposals During the year	**(506,456)**	-
Balance at the end of the year	-	1,228,640
Accumulated depreciation:		
Balance at the beginning of the year	**495,315**	288,750
Charged during the year (note 25)	**140,477**	206,565
Charged during the year related to Discontinued Operations (note 15)	**30,956**	-
Disposals During the year related to Discontinued Operations (note 15)	**(160,292)**	-
Disposals During the year	**(506,456)**	-
Balance at the end of the year	**-**	495,315
Net book value:		
As of 31 December 2022	**-**	
As of 31 December 2021		733,325

(All amounts are in Saudi Riyals unless otherwise stated)

8- Right -of- use assets and lease liabilities (Continued)

8-2 Lease liabilities

	2022	2021
Lease liabilities as at the beginning of the year	**962,645**	1,042,472
Disposals During the year	**(16,722)**	-
Disposals During the year related to Discontinued Operations (note 15)	**(626,947)**	-
Finance cost during the year*	**35,098**	120,492
Paid during the year	**(354,074)**	(200,319)
	-	962,645

*Includes finance cost amounted to SR 20,481 (2021: SR 77,808) classified as loss/gain from discontinued operations (note 15)

Lease liabilities included in the statement of financial position are as follows:

	2022	2021
Non current	**-**	635,023
Current	**-**	327,622
Total lease liabilities	**-**	962,645

- Expenses related to short term leases and low rent value amounted to SR 254,081 During 2022 (2021: SR 327,264).

9- Inventory

	31 December 2022	31 December 2021
Sarah's store	**-**	857,669
Raw materials	**-**	476,167
Total	**-**	1,333,836
Less:		
Provision for impairment in inventory value	**-**	(1,333,836)
	-	-

The movement in the provision for impairment in inventory value is as follows:

	2022	2021
Balance at the beginning of the year	**1,333,836**	330,879
Provided for the year (note 25)	**-**	739,091
Provided for the year related to discontinued operations (note 15)	**-**	307,439
Write off during the year *	**(1,299,197)**	(43,573)
disposal from provision for the year	**(34,639)**	-
Balance at the end of the year	**-**	1,333,836

* Written-off amounts has been approved by the Board of Directors.

(All amounts are in Saudi Riyals unless otherwise stated)

10- Investments carried at Fair Value Through Profit or Loss (FVTPL)

	31 December 2022	31 December 2021
Investment in financial assets at fair value (a)	**11,496,855**	-
Investment in mutual Funds (b)	**47,336,700**	-
	58,833,555	-

a. Investment in financial assets measured at fair value though profit or loss are represented in a managed portfolio for the benefit of the Company for the purpose of trading in listed equities shares in Saudi capital exchange market; the following represents the movement of Investments carried at FVTPL:

	2022	2021
Balance At the beginning of the year	-	-
Additions during the year	**20,943,102**	966,478
Disposals during the year	**(8,445,406)**	(2,467,931)
Realized gains on disposal of investments carried at FVTPL	**395,492**	1,501,453
Changes in fair value measurement of investments carried at FVTPL at end of the year *	**(1,396,333)**	-
Balance at the end of the year	**11,496,855**	-

The Company received dividends from investments carried at FVTPL during 2022 amounting to SR 46,823 (Note 26).

b. The Company invested through purchasing shares in local mutual funds of 1.9 million units in Al-Bader fund, 7 million units in Blominvest Real estate Fund, in addition to 100 units in Tasharuk Fund during the year ended in 31 December 2022.

	2022	2021
Balance At the beginning of the year	**-**	-
Additions during year	**47,000,000**	-
Changes in fair value measurement of investments carried at FVTPL at end of the year *	**336,700**	-
Balance at the end of the year	**47,336,700**	-

Changes in fair value measurement of investments carried at FVTPL at end of the year presented at net basis in statement of profit or loss and other comprehensive income within "Unrealized losses on financial investments carried at FVTPL" with net amount of SR 1,059,633.

11- Prepayments and other assets

	31 December 2022	31 December 2021
Financial assets at amortized cost		
Receivables from SARA factory assets sale (note 15 b)	**5,332,527**	-
Employees' receivables	**186,277**	76,989
	5,518,804	76,989
Advance payments to suppliers	**6,620,351**	1,381,640
Prepaid expenses	**2,435,340**	215,812
VAT refund	**-**	2,031,517
Margin on Letter of Guarantee	**-**	720,997
Others	**25,511**	25,512
	14,600,006	4,452,467

(All amounts are in Saudi Riyals unless otherwise stated)

12- Trade receivables

	31 December 2022	31 December 2021
Financial assets at amortized cost		
Trade receivables	**3,309,440**	12,925,666
Allowance for expected credit losses *	**(1,208,306)**	(4,882,368)
	2,101,134	8,043,298

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

	2022	2021
At the beginning of the year	**4,882,368**	1,839,782
(Reversal) / provision for the year	**(1,014,152)**	3,042,586
Written off trade receivables during the year**	**(2,659,910)**	-
At the end of the year	**1,208,306**	4,882,368

** Trade receivables that have been written off relate to amounts settled with customers and approved by the Board of Directors.

13- Short term bank deposits

Represents deposits with a local bank carrying an annual commission rate of 5.6% and mature within one year. The income from these deposits is included within “short term bank deposits income” in the statement of profit or loss and other comprehensive income. The Company earned an amount of SR 583,333 as of 31 December 2022, which will be deposited to the Company’s bank account at the maturity date.

	31 December 2022	31 December 2021
Additions During the year	**30,000,000**	-
Accrued bank deposit income	**583,333**	-
	30,583,333	-

14- Cash and cash equivalents

	31 December 2022	31 December 2021
Financial assets at amortized cost		
Cash at banks	**57,587,227**	7,379,583
Cash balances available at investment portfolio	**2,250,582**	-
Cash on hand	**-**	100,776
	59,837,809	7,480,359

(All amounts are in Saudi Riyals unless otherwise stated)

15- Discontinued operations

A. On 7 March 2021, the Company's board of directors decided to liquidate and close Saudi Industrial Export Company – Jordan due to lack of economic feasibility and to reduce general and administrative expenses. Accordingly, the consolidation of the financial statements was discontinued as of this date, and the operation results were presented separately on the statement of profit or loss and other comprehensive income as follows:

	2022	2021
General and administrative expenses	-	(82,998)
Loss from operation	**-**	(82,998)
Loss from discontinued operations	**-**	(82,998)
Basic and diluted loss per share	**-**	(0.01)

- The net assets of Saudi Industrial Export Company – Jordan as at 31 December 2022 and 31 December, 2021 amounted to SR Nil.
- The net liabilities of Saudi Industrial Export Company – Jordan as at 31 December 2022 and 31 December, 2021 amounted to SR Nil.
- There is no cash flow for the Saudi Industrial Export Company - Jordan during the year ended 31 December 2022.
- The statutory procedures for liquidating Saudi Industrial Export Company – Jordan were completed during the year ended 31 December 2022.

B. On 11th of August 2022 the board of directors resolved to dispose SARA medical supplies factory due to the lack of economic feasibility and to reduce general and administrative expenses as per the new strategy and business plan of the Company, and during the year, the Company sold the net assets of the factory, in addition, the commercial registration was cancelled on 13 Jumada Al-Awal 1444 H corresponding to 7 December 2022.

B 1. The business results has been presented separately for the reporting year and the comparative year in the statement of profit or loss and other comprehensive income as follows:

	2022	2021
Revenue	**12,539**	260,134
Cost of revenue	**(11,719)**	(250,475)
Other income	**11,719**	-
Gain from net assets sale (Note B-2)	**3,538,833**	-
General and administrative expenses	**(324,712)**	(808,529)
finance Cost (note 8 b)	**(20,481)**	(77,808)
Gain (Loss) from discontinued operations	**3,206,179**	(876,678)
Basic and diluted gain (loss) per share	**0.23**	(0.14)

B-2. During the year 2022 the Company sold net assets and liabilities of Saudi Industrial Export Company – SARA facrtory branch for SR 6 Million, It was agreed that the sale value will be paid in five instalments within one year from 15 September 2022 to 15 September 2023, the first payment was received on 17 November 2022. The Gain from sales of net aseets of discontinued operations calculated as follows:

(All amounts are in Saudi Riyals unless otherwise stated)

15- Discontinued operations (Continued)

	2022
Assets	
Property, plant and equipment (Note 6)	**2,525,122**
Right of use assets (Note 8 a)	**561,892**
Prepayments and other assets	**1,100**
Total Assets from discontinued operations	**3,088,114**
Liabilites	
Lease Liability (Note 8 b)	**626,947**
Total Liabilites from discontinued operation	**626,947**
Net Assets from discontinued operations	**2,461,167**
Sales Value	**6,000,000**
The Gain from sales of discontinued operation net assets	**3,538,833**

B.3. Cash flow of Saudi Industrial Export Company – SARA facrtory branch during year ended 31 December 2022 were as follow:

	2022
Cash flows during the year:	
Proceeds from sale of Property, plant and equipments	**605,571**
Proceeds from revenues	**12,539**
General and administrative expenses paid	**(177,109)**
Net Operating Cash flow	**441,001**

Basic and diluted Gain / (Loss) per share from discontinued operations

	2022	2021
Gain / (Loss) from discontinued operations:		
Saudi Industrial Export Company – Jordan (a)	**-**	(82,998)
SARA medical supplies factory (B)	**3,206,179**	(876,678)
Total Gain / (Loss) from discontinued operations	**3,206,179**	(959,676)
Weighted average number of common shares	**13,782,575**	6,480,000
Basic and diluted gain / (loss) per share from discontinued operations	**0.23**	(0.15)

16- Share capital

Share capital of the Company as at 31 December 2022 amounted to SR 194,400,000 (31 December 2021: SR 64,800,000) consisting of 19,440,000 shares (31 December 2021: 6,480,000) shares fully paid and issued shares at a value of 10 Saudi Riyals per share.

During the year ended 31 December 2022, Capital Market Authority ("CMA") approved the Company's request to reduce its share capital from SR 64.8 million to SR 21.6 million by reducing the number of shares from 6,480,000 to 2,160,000 to absorb accumulated losses of the Company amounting to SR 43,2 million. On 15 February 2022, the Extraordinary General Assembly approved Company's restructuring of share capital, and the statutory procedures were completed, and the Company's share capital was amended.

Furthermore, on 17 March 2022, the Company obtained regulatory approval from the CMA to increase share capital through rights-issue amounting to SR 172.8 million. On 11 May 2022, the Company's extraordinary general assembly approved the share capital increase through rights- issue, and the regulatory procedures were completed, and the Company's share capital was amended during the year ended 31 December 2022.

(All amounts are in Saudi Riyals unless otherwise stated)

17- Rights-issue subscription payable compensation

The results of trading the rights-issue and subscribing to new shares were the subscription of (15,597,076) shares of the new offered shares out of a total number of (17,280,000) shares at a value of SR 155,170,760, and the coverage ratio of the total new shares offered was 90.26%, and the remaining shares that were not subscribed were offered amounting to (1,682,924) shares in the auction, and the average selling price of the sold shares was SR 55.48 per share, and the total proceeds from the sale of unsubscribed shares was SR 93,369,809, bringing the net compensation amount belonging to the shareholders of rights-issue to SR 76,540,569. It was agreed with the Saudi Investment Bank to distribute the proceeds from the sale of rights-issue, and SR 75,601,433 were settled during the period from 23 June 2022 to 31 December 2022, the amount of SR 901,660 remained unpaid until 31 December 2022 (note 21-c).

The total transaction cost of rights-issue amounted to SR 4.8 million, and they were reduced from the Company's retained earnings in line with the requirements of applicable accounting standards.

18- Statutory reserve

In line with the requirements of the Saudi Companies Law, the Company transfers 10% of its profit for the year to a statutory reserve until this reserve reaches 30% of the capital. This reserve is not available for distribution.

19- Employees' Defined Benefit obligations

	31 December 2022	31 December 2021
At the beginning of the year	**414,195**	335,330
Included in profit or loss	**210,838**	259,930
Current service cost	**200,755**	251,547
Interest cost on defined benefit obligation	**10,083**	8,383
Included in other comprehensive income		
Actuarial gains from employees' defined benefit obligations	**(116,428)**	(109,291)
Paid benefits	**(150,654)**	(61,925)
Benefits transferred to Accrued expenses and other current liabilities	**(12,036)**	(9,849)
At the end of the year	**345,915**	414,195

Actuarial assumptions on employees' defined benefit obligations.

The key actuarial assumptions at the reporting date (presented at weighted average) are as follows:

	31 December 2022	31 December 2021
Discount rate	**5.40%**	3.35%
Future salary growth rate	**3.50%**	3.50%

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding the other assumptions constant, would affect the employee's defined benefit obligation by the amounts set out below:

	31 December 2022	31 December 2021
Increase		
Discount rate (1%)	**(305,126)**	364,701
Future salary growth rate (1%)	**(394,765)**	472,770
Decrease		
Discount rate (1%)	**(394,311)**	473,484
Future salary growth rate (1%)	**(304,068)**	364,326

Although the analysis does not consider the full distribution of expected cash flows under the plan, it does provide a rough estimate of the sensitivity of the assumptions made.

(All amounts are in Saudi Riyals unless otherwise stated)

20- Accrued expenses and other current liabilities

	31 December 2022	31 December 2021
Accrued expenses	**1,656,029**	2,432,165
Advance payments from customers	**99,300**	119,809
VAT payable	**14,409**	-
	1,769,738	2,551,974

21- Related parties transactions and related balances

21-a Transactions during the year

	2022	2021
Board remuneration (Note 25)	**872,567**	887,808
Board of Directors attendance allowance (note 25)	**159,000**	312,000
Salaries and benefits of key management personnel *	**2,117,369**	1,592,656
Refunds from the sale of capital reduction fractions	**712,150**	-
Share capital subscription surplus	**76,540,570**	-

* Compensation for key management personnel consists of salaries, benefits, and defined benefit obligations for top management.

21-b Amounts due from shareholders

	31 December 2022	31 December 2021
Receivables from shareholders	**2,821,767**	-
Less: Impairment allowance (note 25)	**(677,521)**	-
	2,144,246	-

(All amounts are in Saudi Riyals unless otherwise stated)

21- Related parties transactions and related balances (Continued)

21-c Due to shareholders

	31 December 2022	31 December 2021
Share capital subscription surplus (a)	**437,136**	437,136
Dividend payable (b)	**2,369,766**	2,369,886
Refunds from the sale of capital reduction fractions (c)	**34,109**	-
Rights-issue holders' compensation share capital increase (note 17) (d)	**901,660**	-
	3,742,671	2,807,022

a) The balance of the share capital subscription surplus represents the subscription amounts received from eligible shareholders who exercised their right to subscribe to newly issued shares and those entitled to fractional shares. The remaining balance of the surplus amounts to SR 437,136. As at 31 December 2022 and 2021, the Company is not able to transfer these amounts due to the lack of availability or completeness of bank account information.

b) This balance represents dividends payable to the shareholders for the profits of previous years, which the shareholders did not present to receive it until the date of approval of these financial statements.

c) The balance of "refunds from the sale of capital reduction fractions" represents the amount due to investor from shares' fraction value resulted from the capital decrease amounted to SR 34,109 as at 31 December 2022. The Company is unable to refund these amounts due to the lack of availability or completeness of bank account information.

d) The balance of "Rights-issue holders' compensation" represents due to investors who didn't participate in the rights-issue. The remaining balance is SR 901,660 as at 31 December 2022. The Company is unable to refund these amounts due to the lack of availability or completeness of bank account information.

22- Zakat

a) Zakat base

	31 December 2022	31 December 2021
Adjusted net loss (a)	**(18,770,289)**	(9,502,314)
Add:		
Share capital	**152,383562**	64,800,000
Reserves	**642,645**	642,645
Provisions	**1,459,811**	2,400,493
Other additions	**5,367,276**	5,010,626
Deduct:		
Property, plant and equipment, net	**(592,164)**	(3,441,528)
Adjusted accumulated losses	**(52,837,550)**	(37,954,378)
Investments inside the Kingdom and subject to zakat	**(11,496,855)**	-
Other deductions	**-**	(733,325)
Zakat base (b)	**76,156,436**	21,222,219
Zakat (higher of adjusted net profit or the zakat base)	**76,156,436**	21,222,219
Zakat at 2.577% of zakat base	**1,977,817**	554,423

(All amounts are in Saudi Riyals unless otherwise stated)

22- Zakat (Continued)

b) Zakat provision movement

	2022	2021
At the beginning of the year	**1,233,261**	2,280,875
Prior years adjustment	**134,064**	394,390
Provision for the year	**1,977,817**	554,423
Paid during the year	**(882,826)**	(1,996,427)
At the end of the year	**2,462,316**	1,233,261

c) Zakat assessment of the Company

The Company submitted its zakat returns to Zakat, Tax and Customs Authority (ZATCA) until the year ended 31 December 2021 and obtained a certificate valid until 10 Shawal 1444 H corresponding to 30 April 2023. The Company received letters of adjustment for zakat assessments for the years 2014 to 2020. The value of the zakat differences amounted to SR 3,396,669; the Company paid an amount of SR 2,109,530. The Company submitted an objection request for the rest of the difference amount to the General Secretariat of Tax Committees, and it has not been decided until the date of preparing the financial statements. The Company's management believes that the outcome of the objections will be in its favour, regarding the above assessments.

d) VAT assessment of the Company

The Company received letters of adjustment for value-added tax assessments from Zakat, Tax and Customs Authority (ZATCA) for periods during the years 2018 and 2019, the tax differences amounted to SR 6,619,971. The Company submitted an objection request to the General Secretariat of the Tax Committees, which was rejected due to formality issues, and was resubmitted, and case not concluded as of reporting date. The Company's management believes that the outcome of the objections will be in its favour, regarding the above assessments.
Also, during this year, the Company requested to pay the amount in instalments from ZATCA and utilize the cancellation of Fines and Exemption of Penalties Initiative with preservation of its right to legally object on the variances of the assessments, However the Company paid all the instalments of the amount mentioned above until reporting date (note 25)

23- Revenues

	2022	2021
Services rendered	**243,610**	212,444
Selling of goods	**22,920**	15,578,947
	266,530	15,791,391

Revenue recognition time

2022	**Acting as principal**	**Acting as agent**	**Total**
At point in time	**243,610**	**22,920**	**266,530**
	243,610	**22,920**	**266,530**

2021	Acting as principal	Acting as agent	Total
At point in time	212,444	15,578,947	15,791,391
	212,444	15,578,947	15,791,391

(All amounts are in Saudi Riyals unless otherwise stated)

23- Revenues (Continued)

Geographic information *

	2022	2021
Revenue:		
Local	**266,530**	909,552
Export	**-**	14,881,839
Total revenue as per statement of profit or loss and other comprehensive income	**266,530**	15,791,391

* Revenue information above is determined based on the customer location.

24- Cost of revenues

	2022	2021
Materials cost	**22,920**	11,977,016
Customs and clearance fees	**-**	1,432,357
Packaging	**-**	188,887
Other	**-**	173,284
	22,920	13,771,544

25- General and administrative expenses

	2022	2021
VAT settlement expense (Note 22 d)	**6,619,971**	-
Employee salaries and benefits	**5,645,906**	5,902,657
Professional fees	**4,300,767**	3,653,482
Provision for impairment of other assets	**2,918,971**	-
Board remuneration (Note 21)	**872,567**	887,808
Provision for amounts due from shareholders (note 21 b)	**677,521**	-
Governmental fees	**649,598**	548,913
Computer software licenses	**512,873**	-
Depreciation of property, plant and equipment (note 6)	**269,932**	256,965
Rent	**254,081**	327,264
Board of Directors attendance allowance (note 21)	**159,000**	312,000
Depreciation of right-of-use assets (note 8 a)	**140,477**	206,565
Electricity, water and telephone	**74,634**	139,310
Repairs and maintenance	**67,721**	15,587
Bank charges	**66,117**	52,548
Amortization and write-off of intangible assets (note 7)	**64,069**	78,206
Office supplies	**27,740**	24,216
Advertising	**15,536**	12,480
Provision for slow moving inventory (note 9)	**-**	739,091
Other	**507,630**	597,198
	23,845,111	13,754,290

(All amounts are in Saudi Riyals unless otherwise stated)

26- Other income

	2022	2021
Previously written-off balances recoveries	**187,500**	-
Gain from disposal of property, plant and equipment	**92,595**	-
Rent income	**51,348**	51,348
Dividends received from investments carried at FVTPL (note 10)	**46,823**	-
Other	**117,202**	292,229
	495,468	343,577

27- Basic and diluted loss per share

	2022	2021
Loss from Continuing Operations	**(24,299,187)**	(13,923,496)
Weighted average number of ordinary shares outstanding during the year	**13,782,575**	6,480,000
	(1.76)	(2.15)

Basic loss per share is calculated by dividing the loss for the year from continuing operations attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share is calculated by dividing the loss for the year from continuing operations attributable to the shareholders of the Company by the weighted average number of common shares outstanding during the year after adjusting for the effect of all dilutive potential common shares. There were no potentially dilutive shares outstanding at any time during the year ended 31 December 2022 and the year ended 31 December 2021.

28- Segment information

A segment is a separate and distinct part of a company that is engaged in business activities from which it earns revenue or incurs expenses. Operating segments are disclosed on the basis of internal reports that are reviewed by the CEO, who is the person responsible for allocating resources, evaluating performance and making strategic decisions about operating segments. Operating segments with similar economic characteristics, products, services and categories of customers are grouped and recorded whenever possible as reportable segments in accordance with IFRS 8 Operating Segments.

Basis of division

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

1- Export from inside and outside the Kingdom, most of the Company's export operations are carried out from the Kingdom of Saudi Arabia to the Middle East, Asia and Africa.

2- Production and sale of medical supplies.

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

(All amounts are in Saudi Riyals unless otherwise stated)

28- Segment information (Continued)

Basis of division (Continued)

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

	2022		
	Export activities	**Medical Supplies**	**Total**
Revenues	**266,530**	**-**	**266,530**
Loss from Continuing Operations	**(24,299,187)**	**-**	**(24,299,187)**
Profit From Discontinued Operation	**-**	**3,206,179**	**3,206,179**
As at 31 December 2022:			
Total current assets	**168,100,084**	**-**	**168,100,084**
Total current liabilities	**8,324,605**	**-**	**8,324,605**

	2021		
	Export activities	Medical Supplies	Total
Revenues	15,791,391	-	15,791,391
Loss from Continuing Operations	(13,923,496)	-	(13,923,496)
Profit From Discontinued Operation	-	(959,676)	(959,676)
As at 31 December 2021:			
Total current assets	18,841,596	1,134,528	19,976,124
Total current liabilities	10,045,622	93,709	10,139,331

29- Financial instruments and risk management

The Company's principal financial liabilities consist of lease liabilities related to right-of-use assets, trade payables, accrued expenses and other current liabilities, due to shareholders. The Company's principal financial assets consist of investments at FVTPL, trade receivables, prepayments and other current assets, due from shareholders Short-term bank deposits cash and cash equivalents. The main financial risks arising from the Company's financial instruments are market risk (including interest rate risk, foreign exchange risk and equity price risk), credit risk and liquidity risk. Management reviews and aligns policies to manage those risks.

29-1 Market risk

Market risk is the risk of fluctuation in a financial instrument due to changes in prices prevailing in the market, such as foreign exchange rates, interest rates and equity prices which affect the Company's income or the value of its financial instruments. Market risk management aims to manage and control market risk exposures within acceptable parameters, while maximizing returns. There has been no change in the Company's exposure to market risks or the way in which such risks are managed and how they are measured.

29-1-1 Interest rate risk

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. Management monitors changes in interest rates and believes that the cash flow and interest rate risk to the fair value of the Company are immaterial.

Accounts receivable and payable to the Company carried at amortized cost are not subject to interest rate risk as defined in IFRS 7 as the carrying value or future cash flows do not change due to a change in market interest rates. Thus, the Company is not exposed to fair value interest rate risk.

29- Financial instruments and risk management (Continued)

29-1 Market risk (Continued)

29-1-2 Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when future business transactions, assets and liabilities are denominated in a currency other than the Saudi Riyals. The Company's exposure to foreign exchange risk is limited to the Company's transactions in US dollars and UAE dirhams. Management believes that its exposure to foreign exchange risk is limited as the Saudi Riyal and the UAE Dirham are pegged to the US Dollar.

Management monitors the risks of fluctuations in exchange rates closely and on an ongoing basis, and based on its experience and market reactions, management does not believe that it is necessary to hedge against foreign exchange risk as most of the foreign exchange risks are relatively limited in the medium term.

29-1-3 Equity price risk

The Company is exposed to equity price risks arising from equity investments.

The Company invested in a portfolio of listed shares which are held for trading (see note 10-a). This type of investment is approved by the board as the in order to generate higher investment return on the spare funds. The company's investments are sensitive to price risks, arising from uncertainty about the fair values of investment securities. The company manages equity price risks through diversification of investments and setting limits.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. If equity prices had been 1 per cent higher/lower: net profit for the year ended 31 December 2022 would increase/decrease by SR 114,969 (2021: increase/decrease by SR nil) as a result of the changes in fair value of the investments in listed shares

29-2 Credit risk

Credit risk is the risk that one party will not be able to fulfill its obligations, causing financial losses to the other party. The Company has no significant concentration of credit risk. Cash and cash equivalents and short-term bank deposits are deposited with local and international banks with high credit ratings. The Company does not believe that there is a significant risk of these institutions' inefficiency. Trade and other receivables are mainly due from customers in the local market and are stated at their estimated collectible value. The Company has policies in place to reduce its exposure to credit risk. The carrying amounts of financial assets represent the maximum credit risk.

The carrying amount of the financial assets stated represents the maximum amount to which the financial assets can be exposed to credit risk as of the balance sheet date, and it is as follows:

	Note	**31 December 2022**	31 December 2021
Other assets	11	**5,518,804**	76,989
Trade receivables	12	**2,101,134**	8,043,298
Due from shareholders	21	**2,144,246**	-
Short-term bank deposits	13	**30,583,333**	-
Cash and cash equivalents	14	**59,837,810**	7,480,359
Total financial assets		**106,831,189**	19,760,312

(All amounts are in Saudi Riyals unless otherwise stated)

29- Financial instruments and risk management (Continued)

29-2 Credit risk (Continued)

as follows the credit rating of banks the Company deals with and its related cash and short term deposits balances as of 31 December:

	31 December 2022	31 December 2021
Counter parties with external credit rating (Moody's)		
Aa3	**-**	10,792
A1	**620**	1,002,988
A2	**34,388,725**	307,561
A3	**53,199,220**	6,058,242
Baa1	**2,724,877**	-
B1	**107,700**	-
	90,421,142	7,379,583

Based on the analysis, the lifetime Expected Credit Loss (ECL) in respect of the financial assets other that trade receivables as at the date of these financials statements was immaterial. Accordingly, no impairment loss is recognized during the year.

Definition of default

The Company considers a financial asset to be in default when the customer is unlikely to pay its credit obligations to the Company in full; or the customer is past due more than 365 days.

Credit loss is defined as the difference between all the contractual cash flows that are due to an entity and the cash flows that it expects to receive i.e. all cash shortfalls. For the purpose, any receivable outstanding after a year is assumed to be a credit loss.

The ECL calculations have been carried out to produce the Lifetime Expected Credit Loss (ECL) amount. The methodology to estimate included the calculations to incorporate the below:

• An un-biased probability-weighted amount that is determined by evaluating a range of possible outcomes

• The time value of money

• Reasonable and supportable information using current information, historical data, and future forecasts (if available

The following is an analysis of trade receivables aging with credit risk ratios according to the study of expected credit loss:

31 December 2022	**Carrying amount**	**Expected credit loss rate**	**Expected credit losses**
0-90 Days Overdue	**332,045**	**4.42%**	**14,684**
91-180 Days Overdue	**139,344**	**11.12%**	**15,501**
181-270 Days Overdue	**249,146**	**19.10%**	**47,590**
271-360 Days Overdue	**-**	**42.21%**	**-**
Over 360 days Overdue – (Default)	**2,588,905**	**43.67%**	**1,130,531**
	3,309,440		**1,208,306**

31 December 2021	Carrying amount	Expected credit loss rate	Expected credit losses
0-90 Days Overdue	804,440	0.77%	6,210
91-180 Days Overdue	1,278,812	9.30%	118,946
181-270 Days Overdue	600,671	19.99%	120,075
271-360 Days Overdue	-	43.13%	-
Over 360 days Overdue – (Default)	10,241,743	45.28%	4,637,137
	12,925,666		4,882,368

(All amounts are in Saudi Riyals unless otherwise stated)

29- Financial instruments and risk management (Continued)

29-3 Liquidity risk

It is the risk that the Company will encounter difficulties in obtaining the financing necessary to meet obligations associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at a value close to its fair value. Liquidity risk is managed through regular monitoring of the adequacy of available liquidity to meet the Company's financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities as they fall due, under normal and adopted conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

31 December 2022	**Carrying amount**	**less than one year**	**More than one years**	**No fixed maturity**
Trade payables	**349,880**	**349,880**	**-**	**-**
Due to shareholders	**3,742,671**	**3,742,671**	**-**	**-**
	4,092,551	**4,092,551**	**-**	**-**

31 December 2021	Carrying amount	less than one year	More than one years	No fixed maturity
Lease liabilities	962,645	327,622	635,023	-
Trade payables	3,219,452	3,219,452	-	-
Due to shareholders	2,807,022	2,807,022	-	-
	6,989,119	6,354,096	635,023	-

29-4 Commodity price risk

These are the risks associated with changes in the prices of some commodities that the Company is exposed to from an undesirable impact on the Company's costs and cash flows. These risks arise in the prices of basic goods from the expected purchases of some goods from the raw materials used by the Company.

29-5 Capital risk management

The policy of the Board of Directors is to maintain an effective capital base to maintain investors, creditors and market confidence and to support future development For the work of the Board of Directors, the Board of Directors monitors the return on capital employed and the level of dividends for ordinary shareholders.

The Company's objectives when managing capital are:

a) protect the entity's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to stakeholders, others; And

b) To provide an adequate return to the shareholders.

The Company's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business.

The capital structure of the Company consists of equity only. Equity includes share capital as disclosed in note 16 and other reserves.

(All amounts are in Saudi Riyals unless otherwise stated)

29- Financial instruments and risk management (Continued)

29-6 Fair value

The following tables show the book value and fair value of the Company's financial assets and financial liabilities, including the levels of the fair value hierarchy. For financial assets and liabilities that are not measured at fair value and have a short-term maturity, it is assumed that the carrying amount approximates its fair value and therefore It does not include fair value information for these financial instruments. It includes cash and cash equivalents, Short-term bank deposits, Financial investments carried at FVTPL, trade receivables, Prepayments and other current assets, trade payables and other creditors.

	Book value			Fair value			
As at 31 December 2022	**Financial assets at FVTPL**	**Amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets:							
Financial investments carried at FVTPL	**58,833,555**	**-**	**58,833,555**	**41,791,888**	**17,041,667**	**-**	**58,833,555**
Other assets	**-**	**5,518,804**	**5,518,804**	**-**	**-**	**-**	**-**
Due from shareholders	**-**	**2,101,134**	**2,101,134**	**-**	**-**	**-**	**-**
Trade receivables	**-**	**2,144,246**	**2,144,246**	**-**	**-**	**-**	**-**
Short term bank deposits	**-**	**30,583,333**	**30,583,333**	**-**	**-**	**-**	**-**
Cash and cash equivalents	**-**	**59,837,810**	**59,837,810**	**-**	**-**	**-**	**-**
	58,833,555	**100,185,327**	**159,018,882**	**41,791,888**	**17,041,667**	**-**	**58,833,555**
Financial liabilities:							
Trade payables	**-**	**349,880**	**349,880**	**-**	**-**	**-**	**-**
Due to shareholders	**-**	**3,742,671**	**3,742,671**	**-**	**-**	**-**	**-**
	-	**4,192,551**	**4,192,551**	**-**	**-**	**-**	**-**

(All amounts are in Saudi Riyals unless otherwise stated)

29- Financial instruments and risk management (Continued)

29-6 fair value (Continued)

	Book value			Fair value			
As at 31 December 2021	Financial assets at FVTPL	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets:							
Other assets	-	76,989	76,989	-	-	-	-
Trade receivables	-	8,043,298	8,043,298	-	-	-	-
Cash and cash equivalents	-	7,480,359	7,480,359	-	-	-	-
	-	15,600,646	15,600,646	-	-	-	-
Financial liabilities:							
Lease liabilities	-	962,645	962,645	-	-	-	-
Trade payables	-	3,219,452	3,219,452	-	-	-	-
Due to shareholders	-	2,807,022	2,807,022	-	-	-	-
	-	6,989,119	6,989,119	-	-	-	-

30- Commitments and contingencies

There are cases instituted against the Company with approximately total financial claims amounting to SR 260 Thousands (31 December 2021: approximately SR 7 million), for which no final judgments have been issued until the date of the financial statements. In addition, there is assessments raised by ZATCA in relation to Company's previously submitted zakat for which the Company has submitted an objection request as disclosed in note 22. The management believes that such cases will have no impact on the financial position of the Company and the results of its operations.

Also, as of 31 December 2022 there is no letter of guarantees issued by the Company (31 December 2021: letter of guarantees issued by the Company amounted to SR 720,997)

31- Events after the end of the year

There were no material events after the end of the year, modified or unmodified, that require disclosure or amendment in these financial statements.

32- Reclassification for prior period figures

Certain comparative information has also been reclassified to conform to the current year presentation.

33- Approval of the financial statements

The financial statements for the year ended 31 December 2022 were approved by the Company's board of directors on 28 Rajab 1444H (corresponding to 19 February 2023).