

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)**

**FOR THE THREE-MONTHS PERIODS ENDED
31 MARCH 2023 AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the three-months period ended 31 March 2023
(Saudi Riyal)
And the independent auditor's review report

Page (s)

Independent auditor's review report	1
Interim condensed consolidated statement of financial position (unaudited)	2
Interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited)	3
Interim condensed consolidated statement of changes in shareholders' equity (unaudited)	4
Interim condensed consolidated statement of cash flows (unaudited)	5
Notes to the interim condensed consolidated financial statements (unaudited)	6-13

Independent Auditor's Review Report

To The Shareholders of
Saudi Industrial Development Company (SIDC)
(A Saudi Joint-Stock Company)
Jeddah - Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Industrial Development Company (SIDC) - Saudi Joint Stock Company - ("the Company") and its Subsidiaries ("the Group"), as at 31 March 2023, and the related interim condensed consolidated statement of Profit or loss, and other comprehensive income for the three-months periods then ended, and the statements of changes in shareholders' equity and cash flows for the Three-months period then ended and a summary of significant accounting policies and other explanatory notes from 1 to 15 form an integral part of these interim condensed financial statement. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily to the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

Other Matters

The interim condensed consolidated financial statements of the Group for the three-month period ending on 31 March 2022, were examined by another auditor, who expressed a qualified conclusion on these interim condensed consolidated financial statements on Shawwal 18, 1443 AH corresponding to 19 May 2022.

For Dr. Mohamed Al-Amri & Co.



Maher Al-Khatieb
Certified Public Accountant
License Number 514



Jeddah on: 31/05/2023 (G)
Corresponding to: 11/11/1444 (H)

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 31 March 2023
(Saudi Riyal)

	Note	31 March 2023 Unaudited	31 December 2022 Audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	4	65,610,219	68,987,803
Goodwill		62,356,409	62,356,409
Right of use assets		8,991,670	8,802,350
Intangible assets		115,476	135,941
Financial assets at fair value through other comprehensive income (FVOCI)	5	51,976,251	52,249,785
TOTAL NON-CURRENT ASSETS		189,050,025	192,532,288
CURRENT ASSETS			
Inventory		39,400,055	37,277,241
Other current assets		9,765,020	4,910,515
Trade receivables and other receivables	6	18,226,375	14,261,168
Financial assets at fair value through profits or losses	7	964,513	9,250,389
Assets held for sale		875,945	875,945
Cash and cash equivalents		15,291,434	17,251,994
TOTAL CURRENT ASSETS		84,523,342	83,827,252
TOTAL ASSETS		273,573,367	276,359,540
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		400,000,000	400,000,000
Foreign currency translation reserve		(45,111,272)	(41,878,370)
Fair value change reserve		(131,139,037)	(130,865,504)
Re-measurement reserve of defined benefit obligations		2,855,501	2,855,501
Accumulated losses		(63,864,412)	(63,203,294)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		162,740,780	166,908,333
Non-controlling interest		8,584,479	8,088,416
TOTAL SHAREHOLDERS' EQUITY		171,325,259	174,996,749
NON-CURRENT LIABILITIES			
Employee benefit obligations		14,112,957	13,786,735
Lease liabilities - non-current portion		6,104,947	5,474,843
Deferred tax liabilities		421,212	528,620
TOTAL NON-CURRENT LIABILITIES		20,639,116	19,790,198
CURRENT LIABILITIES			
Zakat and income tax payable	9	6,440,660	5,630,699
Accrued expenses and other current liabilities		14,871,237	12,995,516
Lease liabilities - current portion		4,777,053	5,414,073
Underwriting surplus		6,350,898	6,350,898
Credit facilities	8	21,249,993	25,218,180
Accounts payable		27,919,151	25,963,227
TOTAL CURRENT LIABILITIES		81,608,992	81,572,593
TOTAL LIABILITIES		102,248,108	101,362,791
TOTAL EQUITY AND LIABILITIES		273,573,367	276,359,540

Finance Manager

Name: Mr. Ahmed Shitaiwi

Signature:

Deputy Chairman and managing director

Name: E. Bandar ALhomaiddhi

Signature:

The attached notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)

SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(UNAUDITED)

For the three-months period ended 31 March 2023

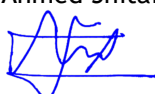
(Saudi Riyal)

		For the three-months period ended 31 March	
	Note	2023 Unaudited	2022 - Restated Unaudited
Revenue		41,725,026	41,414,876
Cost of revenue		(30,452,809)	(35,324,906)
Gross profit		11,272,217	6,089,970
Selling and distribution expenses		(4,412,940)	(4,590,531)
General and administrative expenses		(7,077,811)	(7,440,632)
Expected credit losses		(2,236,004)	(29,213)
Loss from operations		(2,454,538)	(5,970,406)
Realized gain from financial assets at fair value through profit or loss		2,222,940	-
Unrealized (losses) from the financial assets at fair value through profit or loss		(1,492,295)	927,220
Dividends from the financial assets at fair value		3,311	26,250
Finance cost		(418,440)	(103,454)
Other income		3,007,162	1,111,169
Net profit / (Loss) for the period before zakat and income tax		868,140	(4,009,221)
Zakat and income tax	9	(1,034,608)	(542,816)
Deferred tax	9	1,413	(17,221)
Net Loss for the period		(165,055)	(4,569,258)
Other Comprehensive income items:			
Items that are non-classified subsequently to the consolidated statement of profit or loss:			
Unrealized (loss) / profit from financial assets at fair value through other comprehensive income		(273,533)	16,666,858
Realized profits from financial assets at fair value through other comprehensive income		-	9,761,925
Items that are classified subsequently to the statement of profit or loss:			
Changes in foreign currency translation reserve		(3,232,902)	(3,502,671)
Total comprehensive income		(3,506,435)	22,926,112
Net comprehensive (Loss)/profits for the Period		(3,671,490)	18,356,854
(Loss) attributable to:			
Parent Company shareholders		(661,118)	(4,801,381)
Non-controlling interests		496,063	232,123
		(165,055)	(4,569,258)
Net comprehensive (Loss)/income attributable to			
Parent Company shareholders		(4,167,553)	18,124,731
Non-controlling interests		496,063	232,123
		(3,671,490)	18,356,854
Loss per share			
The weighted average number of shares	11	40,000,000	40,000,000
Loss per share from operations		(0,06)	(0,15)
Loss for the period attributable to shareholders (Basic and diluted)	11	(0,02)	(0,12)

Finance Manager

Name: Mr. Ahmed Shitaiwi

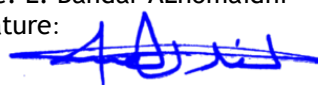
Signature:



Deputy Chairman and managing director

Name: E. Bandar ALhomaiddhi

Signature:




The attached notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
For the Three-months period ended 31 March 2023
(Saudi Riyal)

	Share Capital	Foreign currencies translation reserve	Fair value change reserve	Re-measurement reserve of employee benefit obligations	Accumulated Losses	Total equity attributable to shareholders of the Parent Company	Equity for non-controlling interests	Total Equity
Balance at 1 January 2022	400,000,000	(32,241,605)	(116,223,833)	(42,262)	(47,480,087)	204,012,213	7,325,950	211,338,163
Net loss for the period	-	-	-	-	(4,801,381)	(4,801,381)	232,123	(4,569,258)
Other comprehensive income	-	(3,502,671)	16,666,858	-	9,761,925	22,926,112	-	22,926,112
Total comprehensive (loss) income	-	(3,502,671)	16,666,858	-	4,960,544	18,124,731	232,123	18,356,854
Balance at 31 March 2022 (unaudited)	400,000,000	(35,744,276)	(99,556,975)	(42,262)	(42,519,543)	222,136,944	7,558,073	229,695,017
Balance at 1 January 2023	400,000,000	(41,878,370)	(130,865,504)	2,855,501	(63,203,294)	166,908,333	8,088,416	174,996,749
Net loss for the period	-	-	-	-	(661,118)	(661,118)	496,063	(165,055)
Other comprehensive income	-	(3,232,902)	(273,533)	-	-	(3,506,435)	-	(3,506,435)
Total comprehensive (loss) income	-	(3,232,902)	(273,533)	-	(661,118)	(4,167,553)	496,063	(3,671,490)
Balance at 31 March 2023 (unaudited)	400,000,000	(45,111,272)	(131,139,037)	2,855,501	(63,864,412)	162,740,780	8,584,479	171,325,259


Finance Manager

Name: Mr. Ahmed Shitaiwi

Signature: 

Deputy Chairman and managing director

Name: E. Bandar ALhomaidhi

Signature: 

The attached notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the Three-months period ended 31 March 2023
(Saudi Riyal)

	For the three-months period ended 31 March	
	2023 (Unaudited)	2022 (Unaudited)
Cash flows from operating activities:		
Loss for the period before zakat and income tax	868,140	(4,009,221)
Adjustment to reconcile operating income to net cash flows:		
Depreciation of right of use assets	142,478	961,429
Depreciation and amortization	2,468,561	2,557,731
Expected credit losses provision	271,231	29,213
Impairment of inventory	1,964,773	-
Dividends from the financial assets at fair value	(2,222,940)	-
Realized loss (gain) from financial assets at fair value through profit or loss	1,492,295	(927,220)
Amortization of advance payment on operating lease	-	37,793
Employee benefit obligations provision	605,502	929,790
Foreign currency translation reserve	-	(2,236,533)
Changes in operating assets and liabilities:		
Trade receivable and other receivables	(4,236,438)	(4,201,421)
Inventory	(4,087,587)	(60,409)
Other current assets	(4,854,505)	(3,036,028)
Accounts payables	1,955,924	1,515,269
Accrued expenses and other current liabilities	1,875,721	1,966,404
Deferred tax liabilities	(107,408)	(94,249)
	(3,864,253)	(6,567,452)
Employee benefits paid	(279,281)	(578,508)
Net cash used in operating activities	(4,143,534)	(7,145,960)
Cash flows from Investing activities		
Additions to Property, plant, and equipment	(34,203)	(164,724)
Net change of financial assets at fair value through profit and loss	6,793,581	10,617,984
Net cash resulted from investing activities	6,759,378	10,453,260
Cash flows from Financing activities		
Lease liabilities paid	(1,226,876)	(2,187,519)
Net cash used in financing activities	(1,226,876)	(2,187,519)
Net change in cash and cash equivalents	1,388,968	1,119,781
Cash and cash equivalents at beginning of the period	17,251,994	11,820,045
Foreign currency translation differences	(3,349,528)	(1,266,137)
Cash and cash equivalents at end of the period	15,291,434	11,673,689

Finance Manager

Name: Mr. Ahmed Shitaiwi
Signature:



Deputy Chairman and managing director

Name: E. Bandar ALhomaiddhi
Signature:



The attached notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

1. CORPORATE INFORMATION

Saudi Industrial Development Company (SIDC) ("the Parent Company") was established in the Kingdom of Saudi Arabia as a Saudi joint stock Company pursuant to the decision of the Minister of Commerce No. 673 dated 14 December 1992 (corresponding to 20 Jumada Al-Thani 1413 H.). The Company obtained its Commercial Registration No. 4030092792, which is issued in Jeddah on 1 January 1993 (corresponding to 17 Rajab 1413 H).

The Company authorized, issued, and fully paid share capital is SR 400 million which is divided into 40 million shares stated at SR 10 each (2021: 40 million shares stated at SR 10 each).

The Company's activities represent the manufacture of sanitary ware from plastics, including (washing basins, showers, toilets ... etc.), and the manufacture of sponge products.

The interim condensed consolidated financial statements consist of the financial statements of the Saudi Industrial Development Company (SIDC) (the "parent company") and its branches and subsidiaries, all referred to as (the "Group"). As mentioned in note (2-5) of these interim condensed consolidated financial statements, the Group's subsidiaries and main activities along with the share were disclosed.

The Company's ordinary shares are listed on the Saudi Stock Exchange "Tadawul" under No. 2130.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" "IAS 34" which is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements. They should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022. In addition, results for the interim period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

The interim condensed consolidated financial statements have been prepared based on historical cost, except financial assets at fair value through other comprehensive income and financial assets at fair value through profits or losses which are measured at fair value, and employees' defined benefit obligations where current actuarial value calculations are used. The condensed consolidated interim financial statements are presented in Saudi Riyals, which is the company's functional currency - unless otherwise stated.

Some of the prior period's amounts have been reclassified to comply the current period review.

2.2 Continuity of the group and accumulated losses

The Group incurred a net loss of SR 165k for the period ended 31 March 2023 (period ended 31 March 2022: net loss of SR 4.6 million).

The management of the Group has made an assessment of its financial performance and working capital for the coming period and is convinced that it has the necessary resources to continue its business and will be able to achieve sufficient cash flows so that it can meet its obligations on time during the next twelve months from the date of these interim condensed consolidated financial statements.

The following are the main actions that management took into account when processing financial performance and working capital:

- * The Group's ability to meet its business plan and operational expectations for 2023.
- * Renew renewable facilities when due.

Furthermore, management has no knowledge of any other material uncertainty that may raise doubts about the Group's ability to continue in accordance with the principle of continuity. Accordingly, these interim condensed consolidated financial statements have been prepared on the going concern basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Devaluation of the currency of the Arab Republic of Egypt

During the period the Egyptian pound recorded a decrease in the exchange rate against the Saudi riyal. As a result, a currency translation adjustment was recorded in relation to the translation of operations for the subsidiary in the Arab Republic of Egypt.

2.4 New standards, amendments to existing standards, and interpretations

There are no new standards issued by the International Accounting Standards Board (IASB), however, a number of amendments to the standards are effective as of 1 January 2023, which were explained in the annual consolidated financial statements of the group as of 31 December 2022 and there is no material impact on the interim condensed consolidated financial statements of the group as of 31 March 2023.

2.5 Basis of consolidation

The interim condensed consolidated financial statements include the interim financial statements of the Company and the Subsidiary (the "Group") as of 31 March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its transactions with the investee and has the ability to affect those returns through exercising its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its transactions with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has control over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a Subsidiary begins when the Group obtains control over the Subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a Subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date it ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of the Subsidiaries to bring it's accounting policies in line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, and other components of equity, while any resultant gain or loss is recognized in interim condensed consolidated statement of comprehensive income. Any investment retained is recognized at fair value.

The following subsidiaries which are directly or indirectly owned by more than 50% and/or the company can exercise acquisition over them. Those are consolidated in this financial information based on the initial condensed financial information of the subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Basis of consolidation (continued)

Below are the details of the subsidiaries:

Subsidiary	Country of incorporation	Percentage share
SIDC Commercial Investment Company	Kingdom of Saudi Arabia	100%
SIDC Projects Investment Company	Kingdom of Saudi Arabia	100%
Global Marketing Company for Sleeping System Ltd. (Sleep High)	Kingdom of Saudi Arabia	100%
Arabian Co. For Manufacturing Sponges & Springs Mattresses Ltd. (Sleep High Egypt)	Arab Republic of Egypt	100%
Emmdad Logistic Services Company	Kingdom of Saudi Arabia	50%

3. SEGMENT INFORMATION

The sector is an essential part of the Group that provides certain products or services (business sector) or provides products or services in a certain economic environment (geographical sector) whose profits and losses differ from those of other sectors.

The geographical sector is linked to the provision of products or services in a specific economic environment subject to risks and returns different from those related to employment sectors in economic environments.

The basic cluster model for sectoral reports is based on business sectors. Business sectors are determined based on group management and internal reporting structure.

The Group operates in the following key sectors:

- Mattress and sponge sector, includes the production and sale of sponges with various pressures and structures of mattresses, beds and all their accessories.
- Sanitary ware sector, includes the production and sale of sanitary ware, wall tiles, ceramic flooring and acrylic bathtubs.
- Transportation sector, which includes transport of goods and equipment (heavy transport).
- Financial investments, including equity shares in the value of a portfolio dedicated to investing in shares of banks and other stock companies traded in the Saudi stock market and investing in shares of companies.
- Other sectors.

The following is the distribution of the activity of the company and its subsidiaries after excluding the impact of transactions between the group's companies according to the operational and geographical sectors that are the main business sectors of the group:

Operating Segment

Descriptions	Mattresses and sponges	Toiletries	Transport	financial investments	Other Segments	Total
31 March 2023 (Unaudited)						
Total assets	95,071,846	38,107,628	16,117,492	52,940,764	71,335,637	273,573,367
Total liabilities	68,598,161	16,015,199	6,029,989	-	11,604,759	102,248,108
Net sales	35,388,648	3,868,695	2,467,683	-	-	41,725,026
(Loss) attributable to shareholders for the period	5,394,809	(2,907,905)	496,063	733,956	(4,378,041)	(661,118)
31 March 2022 (Unaudited)						
Net sales	36,204,169	3,744,331	1,466,376	-	-	41,414,876
(loss) profit attributable to shareholders for the period	(1,486,405)	(1,216,192)	232,123	(3,284,377)	953,470	(4,801,381)
31 December 2022 (Audited)						
Total assets	93,994,502	35,470,170	16,404,826	61,500,174	68,989,868	276,359,540
Total liabilities	67,902,085	16,391,677	5,759,233	-	11,309,796	101,362,791

3. SEGMENT INFORMATION (CONTINUED)

Geographic Information

Descriptions	Kingdom of Saudi Arabia	Arab Republic of Egypt	Total
31 March 2023 (Unaudited)			
Total assets	248,755,211	24,818,156	273,573,367
Total liabilities	93,970,582	8,277,526	102,248,108
Net sales	35,857,156	5,867,870	41,725,026
(loss) profit attributable to shareholders for the period	(4,298,006)	3,636,888	(661,118)
31 March 2022 (Unaudited)			
Net sales	31,982,924	9,431,952	41,414,876
(loss) profit attributable to shareholders for the period	(4,913,267)	111,886	(4,801,381)
31 December 2022 (Audited)			
Total assets	245,649,400	30,710,140	276,359,540
Total liabilities	86,789,293	14,573,498	101,362,791

4. PROPERTY, PLANT AND EQUIPMENT

For the purposes of preparing the interim condensed consolidated statement of cash flows, the movement in property, plant and equipment during the three-months period ended 31 March is as follows:

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Depreciation	2,448,096	2,530,449
Addition of property, plant and equipment	34,203	164,724

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
A. " Arabian Industrial Fiber Company (Ibn Rushd)		
Cost	132,900,000	132,900,000
Less: Fair value reserve for investment	(132,900,000)	(132,900,000)
Fair Value	-	-
B. Warehouses & Support Services Company		
Cost	5,250,000	5,250,000
Less: Fair value reserve for investment	(617,488)	(617,488)
Fair Value	4,632,512	4,632,512
C. Investment in priced local securities portfolio as below note		
Fair Value	47,343,739	47,617,273
	51,976,251	52,249,785

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

* Financial assets at fair value through other comprehensive income include equity shares in the value of a portfolio dedicated to investing in shares of banks and other stock companies traded in the Saudi stock market that are not held for trading and which the Group has made an irrevocable choice when proving in principle to demonstrate changes in fair value through other comprehensive income rather than profit or loss, as these strategic investments are considered more important by the Group. The Group maintains this portfolio at a local financial brokerage company licensed in Saudi Arabia. These investments were proven at fair value as of 31 March 2023, and 31 December 2022, in accordance with the closing rates at the end of trades at the date of the financial position.

The movement on investment in a local securities portfolio priced during the period year is as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
1 January	47,617,273	55,004,333
Unrealized (loss)	(273,534)	(14,024,180)
Disposal during the period/year	-	(23,493,561)
Additions during the period/year	-	30,130,681
	47,343,739	47,617,273

6. TRADE RECEIVABLE AND OTHER RECEIVABLE

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Trade receivables	20,355,834	16,119,396
Allowance for expected credit losses	(2,129,459)	(1,858,228)
	18,226,375	14,261,168

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Investments are the value of a portfolio dedicated to investing in the shares of banks and other joint stock companies traded in the Saudi stock market for the purpose of trading. The Group maintains this portfolio at a local financial brokerage company licensed in Saudi Arabia. Investments in securities purchased for trading have been proven at fair value according to the closing rates of the end of trading at the date of the financial position. The movement on investments during the period/year is as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
1 January	9,250,389	3,935,020
Unrealized (loss) / gain	(1,492,295)	990,478
Net additions (Disposal) during the period/year	(6,793,581)	4,324,891
	964,513	9,250,389

8. CREDIT FACILITIES

The Group's credit facilities are as follows:

- A. The credit facilities are represented in the remaining balance of the Arab Investment Bank / Arab Republic of Egypt. Where there is a dispute over this balance with the bank, where the company obtained a court ruling in its favor in the lawsuit filed against the bank. Where the Court of Cassation issued its ruling not to accept the appeal and obligated the bank to obey the expenses, including attorney's fees, with the guarantee. It also obtained a ruling by the Cairo Economic Court to remove the company's name from the negative lists of Egyptian banks. Accordingly, the subsidiary company wrote off the debt and recorded it in other revenues, and reduced the credit facilities balance from the books by the same amount (note 12).

8. CREDIT FACILITIES(CONTUNIED)

B. During 2022 a subsidiary signed an agreement to buy and sell certain securities with Derayah ("Derayah"), the agreement amount is SAR 20 million at an annual interest rate of 6.25%. Accordingly, the balance of the credit facilities reached as of 31 March 2023, the amount of SR 21,249,993 (December 31, 2022: SR 25,218,180).

All of the subsidiary assets available in the portfolios are collateralized in the facilities, in addition to a promissory note. The entire fund balance was used fully by the subsidiary. Under the term of the agreement, payment is due after 12 months from the date of signing of the agreement.

9. ZAKAT AND INCOME TAX

a) Zakat and income tax payable as shown in the consolidated financial position are as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Zakat Payable	4,903,909	4,546,189
Income tax Payable	1,536,751	1,084,510
	6,440,660	5,630,699

b) Zakat and income tax charged to the interim condensed consolidated statement of profit or loss and other comprehensive income:

	For the Three-months period ended 31 March	
	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Zakat and Income tax - made during the period	(1,034,608)	(542,816)
Deferred tax - made during the period	1,413	(17,221)
	(1,033,195)	(560,037)

c) Group's Zakat and Tax status

There has been no substantial change in zakat and tax status compared with the year ended 31 December 2022.

10. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions with related parties represent the salaries, remunerations, and allowances of Board of Directors members and senior executives that took place during the period between the Group and the Board of Directors members and senior executives.

The most important transactions with related parties in the interim condensed consolidated statement of profit or loss and other comprehensive income are as follows:

	31 March 2023 (Unaudited)		31 March 2022 (Unaudited)	
	Board of Directors	Senior Executives	Board of Directors	Senior Executives
Salaries and other benefits	-	541,332	-	414,059
End of service benefits	-	36,100	-	26,980
Remunerations and allowances for attending the meetings of the Board of Directors and sub-committees	375,000	-	375,000	-
	375,000	577,432	375,000	441,039

11. LOSS PER SHARE

The basic and diluted share of the share of net loss is calculated by dividing the net loss for the regular shareholder period by the weighted average number of shares existing at the date of the interim condensed consolidated financial statement.

	For the Three - months period ended 31 March	
	2023 (Unaudited)	2022 (Unaudited)
Net loss of period (SAR)	(661,118)	(4,801,381)
Weighted average number of shares during the period (share)	40,000,000	40,000,000
Basic and diluted share per share (SAR)	<u>(0.02)</u>	<u>(0.12)</u>

There was no reduction element affecting the weighted average number of shares.

12. OBLIGATIONS AND CONTINGENT LIABILITIES

The most important contingent liabilities of the group are as follows:

* A final judgement was issued by the Court of Appeal in case No. 2798 of 1434H in favor of the Saudi Industrial Development Company "SIDC" ("Plaintiff") against the Johainah Trading, Industry and Contracting Company Limited ("Defendant"); By requiring the defendant to pay the plaintiff a lump sum of SAR 15,193,873 as well as a judgement of the Court of First Instance requesting an interpretation of the judgement in case No. 2798 of 1434H, in solidarity with both Johainah Trading, Industry and Contracting Co. Ltd. ("defendant") and Abbas bin Ali bin Ahmed Abdualjawad The Court of Appeal then set aside the decision to grant the request for interpretation and reiterated its decision to reject the request for interpretation. A cassation motion was filed against the judgement in the request for interpretation. The application for cassation is pending. The application for execution of the judgement was filed with the execution court of Jeddah against Johainah. (3901242395) dated 10/11/1439 A.H. and issued against Johainah and its branches by resolution (34) and after resolution (46); On the basis of the above facts, the proceedings for execution of the judgement and the attempt to collect the amount are ongoing by the execution court, and any amounts collected will be credited directly upon collection.

*During 2019, the Arab Investment Bank of the Republic of Egypt filed a lawsuit against the Arabian Co. For Manufacturing Sponges & Springs Mattresses Ltd.(Sleep High Egypt)(a subsidiary of the Group)for the payment of additional amounts in excess of the value of credit facilities. the Court decided to reject the invitation and obliged the plaintiff (Arab Investment Bank) to pay the expenses and lawyers' fees. the plaintiff (Arab Investment Bank) filed an appeal against the judgement which has rejected and support the judge in the favor group (Note 8).

13. FAIR VALUE MEASUREMENT

Fair value is the amount by which an asset is sold or liability is paid in a regular transaction between the market parties as of the date of measurement.

The Group's financial assets consist of cash, commercial receivables, receivables, other current assets, and financial assets at fair value. Its financial liabilities consist of commercial creditors, other current liabilities, credit facilities, and lease obligations.

These assets and financial liabilities were measured at amortized cost and there were no financial instruments or amounts for the group that was measured at fair value except financial assets at fair value through other comprehensive income and financial assets at fair value through profits or losses. The financial assets for which fair values have been measured and whose fair values have been disclosed in the short consolidated initial financial statements are classified within the hierarchy of fair values set out below based on the minimum level data considered essential for measuring fair values as a whole:

13. FAIR VALUE MEASUREMENT(CONTUNIED)

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

As of 31 March 2023, and 31 December 2022, the fair values of the Group's financial instruments were estimated to approximate to its book values and are classified as level 1 and 3 of the hierarchy structures of fair values.

14. RECLASSIFICATION

	2022 (Previously stated)	Adjusted	2022 Modified
<u>comprehensive income</u>			
Realized gain from financial assets at fair value through profit or loss	927,220	(927,220)	-
Unrealized gain from the financial assets at fair value through profit or loss	-	927,220	927,220
Other income	1,137,419	(26,250)	1,111,169
Dividends from the financial assets at fair value	-	26,250	26,250

15. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The issuance of the Group's interim condensed consolidated financial statements for the Three-months period ended 31 March 2023 was approved by Board of Directors on 23/05/2023.