

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

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

**FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS
ENDED 30 SEPTEMBER 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 and nine-months period ended 30 September 2023
And the independent auditor's review report

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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 30 September 2023, and the related interim condensed consolidated statement of Profit or loss, and other comprehensive income for the three-months and nine-months period ended 30 September 2023, and the statements of changes in shareholders' equity and cash flows for the nine-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 consolidated financial statements. 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.

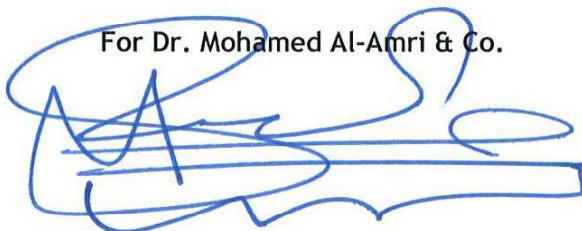
Scope of review

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.

For Dr. Mohamed Al-Amri & Co.



Maher Al-Khatieb
Certified Public Accountant
License Number 514



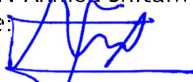
Jeddah on: 14/11/2023(G)
Corresponding to: 22/04/1445 (H)

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 30 September 2023
(Saudi Riyal)

		30 September 2023 (Unaudited)	31 December 2022 (Audited)
	Note		
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	4	61,683,849	68,987,803
Goodwill		62,356,409	62,356,409
Right of use assets		8,129,536	8,802,350
Intangible assets		81,782	135,941
Financial assets at fair value through other comprehensive income (FVOCI)	5	56,204,105	52,249,785
TOTAL NON-CURRENT ASSETS		188,455,681	192,532,288
CURRENT ASSETS			
Inventory		34,961,327	37,277,241
Other current assets		6,797,259	4,910,515
Trade receivables	6	17,624,205	14,261,168
Financial assets at fair value through profits or losses (FVTPL)	7	3,081,836	9,250,389
Assets held for sale		875,945	875,945
Cash and cash equivalents		11,942,735	17,251,994
TOTAL CURRENT ASSETS		75,283,307	83,827,252
TOTAL ASSETS		263,738,988	276,359,540
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		400,000,000	400,000,000
Foreign currency translation reserve		(45,147,909)	(41,878,370)
Fair value change reserve for investment		(123,637,172)	(130,865,504)
Re-measurement reserve of defined benefit obligations		2,855,501	2,855,501
Accumulated losses		(84,240,179)	(63,203,294)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		149,830,241	166,908,333
Non-controlling interest		6,472,024	8,088,416
TOTAL SHAREHOLDERS' EQUITY		156,302,265	174,996,749
NON-CURRENT LIABILITIES			
Employee benefit obligations		14,317,310	13,786,735
Lease liabilities - non-current portion		5,468,172	5,474,843
Deferred tax liabilities		424,388	528,620
TOTAL NON-CURRENT LIABILITIES		20,209,870	19,790,198
CURRENT LIABILITIES			
Zakat and income tax payable	9	6,108,344	5,630,699
Accrued expenses and other current liabilities		16,863,516	12,995,516
Lease liabilities - current portion		5,074,755	5,414,073
Underwriting surplus		6,350,898	6,350,898
Credit facilities	8	22,606,354	25,218,180
Accounts payable		30,222,986	25,963,227
TOTAL CURRENT LIABILITIES		87,226,853	81,572,593
TOTAL LIABILITIES		107,436,723	101,362,791
TOTAL EQUITY AND LIABILITIES		263,738,988	276,359,540

Finance Manager

Name: Mr. Ahmed Shitaiwi

Signature: 

Deputy Chairman and managing director

Name: E. Bandar ALhomaiddhi

Signature: 

The accompanying 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)

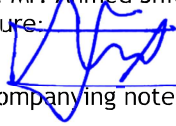
For the three-months and nine-months period ended 30 September 2023

(Saudi Riyal)

	Note	For the three-months period ended 30 September		For the nine-months period ended 30 September	
		2023 (Unaudited)	2022 - (Restated) (Unaudited)	2023 (Unaudited)	2022 - (Restated) (Unaudited)
Revenue		35,461,920	38,398,459	120,813,010	121,218,277
Cost of revenue		(29,972,785)	(32,664,149)	(97,525,470)	(103,257,397)
Gross profit		5,489,135	5,734,310	23,287,540	17,960,880
Selling and distribution expenses		(6,042,251)	(5,091,169)	(15,578,045)	(14,506,935)
General and administrative expenses		(8,535,490)	(8,728,402)	(24,622,806)	(24,572,755)
Impairment of current assets		(1,230,805)	(400,283)	(4,056,913)	(429,496)
Impairment of property, plant and equipment		(1,372,392)	-	(2,990,976)	-
Loss from operations		(11,691,803)	(8,485,544)	(23,961,200)	(21,548,306)
Realized gain from financial assets at fair value through profit or loss		-	-	2,222,940	-
Unrealized gain (loss) from the financial assets at fair value through profit or loss		248,406	-	(1,223,780)	927,220
Dividends from the financial assets at fair value		367,551	437,434	914,202	1,208,075
Finance cost		(686,260)	(270,682)	(1,703,668)	(752,845)
Other income		1,229,129	1,765,268	5,477,465	3,596,481
Net Loss before zakat and income tax		(10,532,977)	(6,553,524)	(18,274,041)	(16,569,375)
Zakat and income tax	9	(515,745)	(875,860)	(2,173,704)	(1,865,340)
Deferred tax		(7,287)	(4,070)	(2,236)	(28,756)
Net Loss for the period		(11,056,009)	(7,433,454)	(20,449,981)	(18,463,471)
Other Comprehensive income items:					
Items that are non-classified subsequently to the consolidated statement of profit or loss:					
Unrealized (loss) gain from the financial assets at fair value through other comprehensive income		(528,273)	594,049	7,228,332	(2,309,033)
Realized gain from financial assets at fair value through other comprehensive income		144,874	2,694,872	796,704	17,025,250
Items that are classified subsequently to the statement of profit or loss:					
Changes in foreign currency translation		(35,325)	(2,162,215)	(3,269,539)	(4,992,214)
Total comprehensive (loss) / income for the Period		(418,724)	1,126,706	4,755,497	9,724,003
Net Comprehensive Loss for the Period		(11,474,733)	(6,306,748)	(15,694,484)	(8,739,468)
(Loss) attributable to:					
Parent Company shareholders		(11,500,555)	(7,657,012)	(21,833,589)	(19,040,975)
Non-controlling interests		444,546	223,558	1,383,608	577,504
		(11,056,009)	(7,433,454)	(20,449,981)	(18,463,471)
Net comprehensive (Loss) income attributable to					
Parent Company shareholders		(11,919,279)	(6,530,306)	(17,078,092)	(9,316,972)
Non-controlling interests		444,546	223,558	1,383,608	577,504
		(11,474,733)	(6,306,748)	(15,694,484)	(8,739,468)
Loss per share					
The weighted average number of shares	11	40,000,000	40,000,000	40,000,000	40,000,000
Loss per share from operations		(0.29)	(0.21)	(0.60)	(0.54)
Loss for the period attributable to shareholders (Basic and diluted)	11	(0.29)	(0.19)	(0.55)	(0.48)


Finance Manager

Name: Mr. Ahmed Shitaiwi

Signature: 

Deputy Chairman and managing director

Name: E. Bandar ALhomaiddhi

Signature: 

The accompanying 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 nine-months period ended 30 September 2023
(Saudi Riyal)

	Share Capital	Foreign currencies translation reserve	Fair value change reserve for investment	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 as 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	-	-	-	-	(19,040,975)	(19,040,975)	577,504	(18,463,471)
Other comprehensive income	-	(4,992,214)	(2,309,033)	-	17,025,250	9,724,003	-	9,724,003
Total comprehensive (loss) income	-	(4,992,214)	(2,309,033)	-	(2,015,725)	(9,316,972)	577,504	(8,739,468)
Balance as at 30 September 2022 (unaudited)	400,000,000	(37,233,819)	(118,532,866)	(42,262)	(49,495,812)	194,695,241	7,903,454	202,598,695
Balance as 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	-	-	-	-	(21,833,589)	(21,833,589)	1,383,608	(20,449,981)
Other comprehensive income	-	(3,269,539)	7,228,332	-	796,704	4,755,497	-	4,755,497
Total comprehensive (loss) income	-	(3,269,539)	7,228,332	-	(21,036,885)	(17,078,092)	1,383,608	(15,694,484)
Net change of non-controlling interests	-	-	-	-	-	-	(3,000,000)	(3,000,000)
Balance as at 30 September 2023 (unaudited)	400,000,000	(45,147,909)	(123,637,172)	2,855,501	(84,240,179)	149,830,241	6,472,024	156,302,265

Finance Manager

Name: Mr. Ahmed Shitaiwi

Signature: 

Deputy Chairman and managing director

Name: E. Bandar Alhomaiddhi

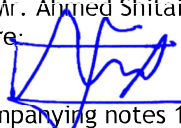
Signature: 

The accompanying 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 nine-months period ended 30 September 2023
(Saudi Riyal)

	For the nine-months period ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)
<u>Cash flows from operating activities:</u>		
Loss before zakat and income tax	(18,274,041)	(16,569,375)
Adjustment to reconcile operating income to net cash flows:		
Depreciation of right of use assets	4,060,761	2,747,826
Depreciation and amortization	7,520,977	7,388,477
Finance cost	1,703,668	-
Impairment of property, plant and equipment	2,990,976	-
Allowance for expected credit losses	1,523,760	429,496
Impairment of inventory	2,533,153	4,500,000
Realized gain from financial assets at fair value through profit or loss	(2,222,940)	-
Unrealized (loss) gain from the financial assets at fair value through profit or loss	1,223,780	(927,220)
Amortization of advance payment on operating lease	-	110,021
Employee benefit obligations provision	1,917,315	1,934,070
Profit from sale of Property, plant, and equipment	(110,252)	-
Changes in operating assets and liabilities:		
Trade receivables	(4,886,797)	(2,233,821)
Inventory	(217,239)	(5,544,512)
Other current assets	(1,886,744)	(1,496,072)
Accounts payables	4,259,759	2,984,843
Accrued expenses and other current liabilities	868,000	1,755,926
Deferred tax liabilities	(104,232)	(127,201)
	899,904	(5,047,542)
Zakat and income tax paid	(1,696,060)	(1,804,228)
Employee benefits paid	(1,386,740)	(1,404,874)
Finance cost paid	(1,396,303)	-
Net cash used in operating activities	(3,579,199)	(8,256,644)
<u>Cash flows from Investing activities</u>		
Additions to Property, plant, and equipment	(4,131,141)	(757,517)
Gain from sale Property, plant, and equipment	117,212	-
Net change of financial assets at fair value	8,941,725	23,646,112
Net cash generated from investing activities	4,927,796	22,888,595
<u>Cash flows from Financing activities</u>		
Lease liabilities paid	(3,733,936)	(2,489,303)
Net cash (used) in financing activities	(3,733,936)	(2,489,303)
Net change in cash and cash equivalents	(2,385,339)	12,142,648
Cash and cash equivalents at the beginning of the period	17,251,994	11,820,045
Foreign currency translation differences	(2,923,920)	(5,026,090)
Cash and cash equivalents at the end of the period	11,942,735	18,936,603
<u>Significate Non-cash Transaction</u>		
realized gain from financial assets at fair value through Other Comprehensive Income	796,704	17,025,250
Purchase of financial assets at fair value through other comprehensive income through credit facilities	-	20,000,000
Unrealized gain (loss) from financial assets at fair value through Other Comprehensive Income	7,228,332	(2,309,033)
Payment of outstanding credit facilities through financing	21,249,993	-

Finance Manager

Name: Mr. Ahmed Shitaiwi
Signature: 

Deputy Chairman and managing director

Name: E. Bandar ALhomaiddhi
Signature: 

The accompanying 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 established 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 Kingdom of Saudi Arabia 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 (2022: 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 Register address of the company is prince Mohamed Bin Abdullah St, Al faysaliya district-Jeddah- KSA

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 30 September 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.

2.2 Continuity of the group and accumulated losses

The accumulated losses exceeded 20% of the capital, and the group incurred a net loss of 20.4 million SR for the period ended 30 September 2023 (period ended 30 September 2022: net loss of SR 19 million), The group also has a deficit in working capital of SR 11,9 million as at 30 September 2023.

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 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 30 September 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 30 September 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 its 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 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
30 September 2023 (Unaudited)						
Total assets	89,551,411	31,526,700	14,396,928	59,285,941	68,978,008	263,738,988
Total liabilities	70,735,484	17,216,483	8,621,993	-	10,862,763	107,436,723
Net sales	103,951,539	9,851,122	7,010,349	-	-	120,813,010
Profit (Loss) attributable to shareholders for the period	<u>710,021</u>	<u>(15,610,555)</u>	<u>1,383,608</u>	<u>1,913,362</u>	<u>(10,230,025)</u>	<u>(21,833,589)</u>
30 September 2022 (Unaudited)						
Net sales	105,433,107	9,480,907	6,304,263	-	-	121,218,277
(loss) profit attributable to shareholders for the period	<u>(3,386,995)</u>	<u>(6,852,138)</u>	<u>577,501</u>	<u>2,135,295</u>	<u>(11,514,638)</u>	<u>(19,040,975)</u>
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	<u>67,902,085</u>	<u>16,391,677</u>	<u>5,759,233</u>	<u>-</u>	<u>11,309,796</u>	<u>101,362,791</u>

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
SAUDI JOINT STOCK COMPANY
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the nine-months period ended 30 September 2023
(Saudi Riyal)

3. SEGMENT INFORMATION (CONTINUED)

The financial information for selected revenues and profits related to the geographical sectors, after excluding the effect of transactions between the group companies for the periods ending on 30 September 2023, 30 September 2022, and 31 December 2022 are as follows:

Geographic Information

Descriptions	Kingdom of Saudi Arabia	Arab Republic of Egypt	Total
30 September 2023 (Unaudited)			
Total assets	237,187,022	26,551,966	263,738,988
Total liabilities	98,754,128	8,682,595	107,436,723
Net sales	104,944,086	15,868,924	120,813,010
(Loss) profit attributable to shareholders for the period	(26,835,853)	5,002,264	(21,833,589)
30 September 2022 (Unaudited)			
Net sales	96,065,839	25,152,438	121,218,277
Loss attributable to shareholders for the period	(19,745,107)	704,132	(19,040,975)
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 significant movement in property, plant and equipment during the six-months period ended 30 September is as follows:

	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)
Depreciation	7,466,818	7,323,263
Addition of property, plant and equipment	4,131,141	757,517
Disposal of property, plant and equipment	(117,212)	-
Impairment of property, plant and equipment	(2,990,976)	-

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

This item consists of the following:

	30 September 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	51,571,593	47,617,273
	56,204,105	52,249,785

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI) (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 30 September 2022, 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:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
1 January	47,617,273	55,004,333
Unrealized gain (loss)	7,228,332	(14,024,180)
Disposal during the period/year	(3,274,012)	(23,493,561)
Additions during the period/year	-	30,130,681
	<u>51,571,593</u>	<u>47,617,273</u>

6. TRADE RECEIVABLES

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Trade receivables	21,006,379	16,119,396
Allowance for expected credit losses	(3,382,174)	(1,858,228)
	<u>17,624,205</u>	<u>14,261,168</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (FVTPL)

Investments are the value of a portfolio in securities and other companies traded in Saudi Arabia, Egypt, and trading stock market. The group retains this license. Investments in securities are recorded at fair value according to the closing prices at the end of trading on the date of the financial position. Followed by investments in the financial period, period/year:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
1 January	9,250,389	3,935,020
Unrealized (Loss) gain	999,160	990,478
Net (Disposal) additions during the period/year	(7,167,713)	4,324,891
	<u>3,081,836</u>	<u>9,250,389</u>

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, the company obtained a court ruling in its favor in the lawsuit filed against the bank. 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 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 SR 20 million at an annual interest rate of 6.25%. This is due to be paid during the second quarter of the year 2023. During the second quarter, the subsidiary company concluded a free margin trading agreement with an amounting of SR 21.5 million at an annual interest rate of 9% (monthly basis) The amount of the previous agreement was paid from the financing and the remaining amount was deposited in the company's cash account.

The balance of credit facilities as of 30 September 2023 amounted to SR 22,6 million (31 December 2022: SR 25,2 million).

The subsidiary assets available in the portfolios are collateralized for 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:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Zakat Payable	4,975,460	4,546,189
Income tax Payable	1,132,884	1,084,510
	<u>6,108,344</u>	<u>5,630,699</u>

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

	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)
Zakat - made during the period	(1,036,323)	(950,453)
Income tax - made during the period	(1,137,381)	(914,887)
	<u>(2,173,704)</u>	<u>(1,865,340)</u>

- 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:

Description	nature of the transaction	Relationship	Amount	
			30 September 2023	30 September 2022
Senior management	Salaries and compensation	parent company	1,788,760	1,131,610
		Subsidiaries	866,854	863,584
	End-of-service benefits	parent company	78,544	76,204
		Subsidiaries	37,500	37,500
The board of directors and related committees	Bonuses, benefits, and allowances for attending meetings	parent company	2,048,719	2,281,686
		Subsidiaries	689,295	692,545

11. LOSS PER SHARE

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

The following is the calculation of the basic share per share:

	2023 (Unaudited)	2022 (Unaudited)
Net loss of period (SAR)	(21,833,589)	(19,040,975)
Weighted average number of shares during the period (share)	40,000,000	40,000,000
Basic and diluted share per share (SAR)	(0.55)	(0.48)

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 judgment 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 SR 15,2 million as well as a judgment of the Court of First Instance requesting an interpretation of the judgment 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 judgment in the request for interpretation. The application for cassation is pending. The application for execution of the judgment 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 judgment 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"(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. On the plaintiff (Arab Investment Bank) filed an appeal against the judgment which rejected and supported 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 and equivalent, trade receivables, other current assets, and financial assets at fair value. Its financial liabilities consist of trade payable, 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 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 30 September 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

Some comparative figures have been reclassified to conform with the classification of the current period, in addition to some adjustments, the most important of which are as follows:

	30 September 2022 previously stated	Adjustments	Re-classification	30 September 2022 Restated
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
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
General and administrative expenses	(24,652,460)	-	79,705	(24,572,755)
Finance cost	(673,140)	-	(79,705)	(752,845)

15. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The issuance of the Group's interim condensed consolidated financial statements for the nine-months period ended 30 September 2023 was approved by Board of Directors on 06/11/2023 corresponding to 22/04/1445.