

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

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

**FOR THE THREE-MONTHS AND SIX-MONTHS PERIODS  
ENDED 30 JUNE 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 six-months period ended 30 June 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 June 2023, and the related interim condensed consolidated statement of Profit or loss, and other comprehensive income for the three-months and six-months period ended 30 June 2023, and the statements of changes in shareholders' equity and cash flows for the Six-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.

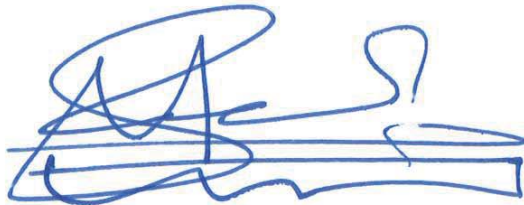
### Scope of review

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: 09/08/2023(G)  
Corresponding to: 22/01/1445 (H)

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

|   | Note | 30 June<br>2023<br>(Unaudited) | 31 December<br>2022<br>(Audited) |
|---|------|--------------------------------|----------------------------------|
| <b>ASSETS</b>   |      |                                |                                  |
| <b>NON-CURRENT ASSETS</b>   |      |                                |                                  |
| Property, plant, and equipment  | 4    | 62,612,394                     | 68,987,803                       |
| Goodwill  |      | 62,356,409                     | 62,356,409                       |
| Right of use assets   |      | 8,560,127                      | 8,802,350                        |
| Intangible assets   |      | 95,014                         | 135,941                          |
| Financial assets at fair value through other comprehensive income (FVOCI) | 5    | 56,851,590                     | 52,249,785                       |
| <b>TOTAL NON-CURRENT ASSETS</b>   |      | <b>190,475,534</b>             | <b>192,532,288</b>               |
| <b>CURRENT ASSETS</b>   |      |                                |                                  |
| Inventory   |      | 37,943,335                     | 37,277,241                       |
| Other current assets  |      | 8,632,980                      | 4,910,515                        |
| Trade receivables   | 6    | 23,149,510                     | 14,261,168                       |
| Financial assets at fair value through profits or losses (FVTPL)          | 7    | 1,593,570                      | 9,250,389                        |
| Assets held for sale  |      | 875,945                        | 875,945                          |
| Cash and cash equivalents   |      | 12,280,747                     | 17,251,994                       |
| <b>TOTAL CURRENT ASSETS</b>   |      | <b>84,476,087</b>              | <b>83,827,252</b>                |
| <b>TOTAL ASSETS</b>   |      | <b>274,951,621</b>             | <b>276,359,540</b>               |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>                               |      |                                |                                  |
| <b>SHAREHOLDERS' EQUITY</b>   |      |                                |                                  |
| Share capital   |      | 400,000,000                    | 400,000,000                      |
| Foreign currency translation reserve                                      |      | (45,112,584)                   | (41,878,370)                     |
| Fair value change reserve   |      | (123,108,899)                  | (130,865,504)                    |
| Re-measurement reserve of defined benefit obligations                     |      | 2,855,501                      | 2,855,501                        |
| Accumulated losses  |      | (72,884,498)                   | (63,203,294)                     |
| <b>TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY</b>    |      | <b>161,749,520</b>             | <b>166,908,333</b>               |
| Non-controlling interest  |      | 6,027,478                      | 8,088,416                        |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>   |      | <b>167,776,998</b>             | <b>174,996,749</b>               |
| <b>NON-CURRENT LIABILITIES</b>  |      |                                |                                  |
| Employee benefit obligations  |      | 14,263,141                     | 13,786,735                       |
| Lease liabilities - non-current portion                                   |      | 5,960,862                      | 5,474,843                        |
| Deferred tax liabilities  |      | 420,877                        | 528,620                          |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                                      |      | <b>20,644,880</b>              | <b>19,790,198</b>                |
| <b>CURRENT LIABILITIES</b>  |      |                                |                                  |
| Zakat and income tax payable  | 9    | 5,590,050                      | 5,630,699                        |
| Accrued expenses and other current liabilities                            |      | 17,433,227                     | 12,995,516                       |
| Lease liabilities - current portion                                       |      | 3,963,579                      | 5,414,073                        |
| Underwriting surplus  |      | 6,350,898                      | 6,350,898                        |
| Credit facilities   | 8    | 23,122,650                     | 25,218,180                       |
| Accounts payable  |      | 30,069,339                     | 25,963,227                       |
| <b>TOTAL CURRENT LIABILITIES</b>  |      | <b>86,529,743</b>              | <b>81,572,593</b>                |
| <b>TOTAL LIABILITIES</b>  |      | <b>107,174,623</b>             | <b>101,362,791</b>               |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                       |      | <b>274,951,621</b>             | <b>276,359,540</b>               |

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)

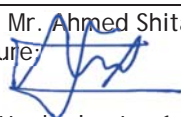
For the three-months and six-months period ended 30 June 2023

(Saudi Riyal)

|   | Note | For the three-months<br>period ended 30 June |                                   | For the six – months<br>period ended 30 June |                                   |
|---|------|--|-----------------------------------|--|-----------------------------------|
|   |      | 2023<br>(Unaudited)                          | 2022 –<br>(Restated<br>Unaudited) | 2023<br>(Unaudited)                          | 2022 –<br>(Restated<br>Unaudited) |
| Revenue   |      | 43,626,064                                   | 41,404,943                        | 85,351,090                                   | 82,819,818                        |
| Cost of revenue   |      | (37,099,876)                                 | (35,268,342)                      | (67,552,685)                                 | (70,593,248)                      |
| Gross profit  |      | 6,526,188                                    | 6,136,601                         | 17,798,405                                   | 12,226,570                        |
| Selling and distribution expenses   |      | (5,122,854)                                  | (4,825,235)                       | (9,535,794)                                  | (9,415,766)                       |
| General and administrative expenses   |      | (9,009,505)                                  | (8,403,720)                       | (16,087,316)                                 | (15,844,353)                      |
| Impairment of current assets  |      | (590,104)                                    | -                                 | (2,826,108)                                  | (29,213)                          |
| Impairment of property, plant and equipment   |      | (1,618,584)                                  | -                                 | (1,618,584)                                  | -                                 |
| Loss from operations  |      | (9,814,859)                                  | (7,092,354)                       | (12,269,397)                                 | (13,062,762)                      |
| 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             |      | 20,109                                       | -                                 | (1,472,186)                                  | 927,220                           |
| Dividends from the financial assets at fair value   |      | 543,340                                      | 770,641                           | 546,651                                      | 770,641                           |
| Finance cost  |      | (598,968)                                    | (378,709)                         | (1,017,408)                                  | (482,163)                         |
| Other income  |      | 1,241,174                                    | 693,794                           | 4,248,336                                    | 1,831,213                         |
| Net Loss before zakat and income tax  |      | (8,609,204)                                  | (6,006,628)                       | (7,741,064)                                  | (10,015,851)                      |
| Zakat and income tax  | 9    | (623,351)                                    | (446,664)                         | (1,657,959)                                  | (989,480)                         |
| Deferred tax  | 9    | 3,638  | (7,465)                           | 5,051  | (24,686)                          |
| Net Loss for the period   |      | (9,228,917)                                  | (6,460,757)                       | (9,393,972)                                  | (11,030,017)                      |
| Other Comprehensive income items:   |      |  |                                   |  |                                   |
| Items that are non-classified subsequently to the consolidated statement of profit or loss:       |      |  |                                   |  |                                   |
| Unrealized gain (loss) from the financial assets at fair value through other comprehensive income |      | 8,030,138                                    | (19,569,940)                      | 7,756,605                                    | (2,903,082)                       |
| Realized gain from financial assets at fair value through other comprehensive income              |      | 651,830                                      | 4,568,453                         | 651,830                                      | 14,330,378                        |
| Items that are classified subsequently to the statement of profit or loss:                        |      |  |                                   |  |                                   |
| Changes in foreign currency translation reserve   |      | (1,312)                                      | 672,672                           | (3,234,214)                                  | (2,829,999)                       |
| Total comprehensive income / (loss) for the Period  |      | 8,680,656                                    | (14,328,815)                      | 5,174,221                                    | 8,597,297                         |
| Net comprehensive Loss for the Period   |      | (548,261)                                    | (20,789,572)                      | (4,219,751)                                  | (2,432,720)                       |
| (Loss) profit attributable to:  |      |  |                                   |  |                                   |
| Parent Company shareholders   |      | (9,671,916)                                  | (6,582,580)                       | (10,333,034)                                 | (11,383,963)                      |
| Non-controlling interests   |      | 442,999                                      | 121,823                           | 939,062                                      | 353,946                           |
|   |      | (9,228,917)                                  | (6,460,757)                       | (9,393,972)                                  | (11,030,017)                      |
| Net comprehensive (Loss) income attributable to   |      |  |                                   |  |                                   |
| Parent Company shareholders   |      | (991,260)                                    | (20,911,395)                      | (5,158,813)                                  | (2,786,666)                       |
| Non-controlling interests   |      | 442,999                                      | 121,823                           | 939,062                                      | 353,946                           |
|   |      | (548,261)                                    | (20,789,572)                      | (4,219,751)                                  | (2,432,720)                       |
| 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  |      | (0.25)                                       | (0.18)                            | (0.31)                                       | (0.33)                            |
| Loss for the period attributable to shareholders (Basic and diluted)                              | 11   | (0.24)                                       | (0.16)                            | (0.26)                                       | (0.28)                            |


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 CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**  
For the Six-months period ended 30 June 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 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                 | -             | -                                      | -  | -  | (11,383,963)       | (11,383,963)  | 353,946                              | (11,030,017) |
| Other comprehensive income              | -             | (2,829,999)                            | (2,903,082)                              | -  | 14,330,378         | 8,597,297   | -                                    | 8,597,297    |
| Total comprehensive (loss) income       | -             | (2,829,999)                            | (2,903,082)                              | -  | 2,946,415          | (2,786,666)   | 353,946                              | (2,432,720)  |
| Balance at 30 June 2022 (unaudited)     | 400,000,000   | (35,071,604)                           | (119,126,915)                            | (42,262)   | (44,533,672)       | 201,225,547   | 7,679,896                            | 208,905,443  |
| 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                 | -             | -                                      | -  | -  | (10,333,034)       | (10,333,034)  | 939,062                              | (9,393,972)  |
| Other comprehensive income              | -             | (3,234,214)                            | 7,756,605                                | -  | 651,830            | 5,174,221   | -                                    | 5,174,221    |
| Total comprehensive (loss) income       | -             | (3,234,214)                            | 7,756,605                                | -  | (9,681,204)        | (5,158,813)   | 939,062                              | (4,219,751)  |
| Net change of non-controlling interests | -             | -                                      | -  | -  | -                  | -   | (3,000,000)                          | (3,000,000)  |
| Balance at 30 June 2023 (unaudited)     | 400,000,000   | (45,112,584)                           | (123,108,899)                            | 2,855,501  | (72,884,498)       | 161,749,520   | 6,027,478                            | 167,776,998  |

Finance Manager

Name: Mr. Ahmed Shitaiwi  
Signature: 

Deputy Chairman and managing director

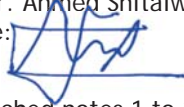
Name: E. Bandar ALhomaiddhi  
Signature: 

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 CASH FLOWS (UNAUDITED)  
For the six-months period ended 30 June 2023  
(Saudi Riyal)

|   | For the six-months<br>period ended 30 June |                     |
|---|--|---------------------|
|   | 2023<br>(Unaudited)                        | 2022<br>(Unaudited) |
| <b><u>Cash flows from operating activities:</u></b>   |  |                     |
| Loss before zakat and income tax  | (7,741,064)                                | (10,015,851)        |
| <b>Adjustment to reconcile operating income to net cash flows:</b>                                      |  |                     |
| Depreciation of right of use assets   | 888,420                                    | 1,660,670           |
| Depreciation and amortization   | 4,993,308                                  | 4,887,006           |
| Finance cost  | 1,017,408                                  | 1,212,784           |
| Impairment of property, plant and equipment   | 1,618,584                                  | -                   |
| Allowance for expected credit losses  | 861,335                                    | -                   |
| Impairment of inventory   | 1,964,773                                  | -                   |
| Realized gain from financial assets at fair value through profit or loss                                | 1,472,186                                  | -                   |
| Unrealized (loss) gain from the financial assets at fair value through profit or loss                   | (2,222,940)                                | 927,220             |
| Amortization of advance payment on operating lease  | -  | 75,587              |
| Employee benefit obligations provision  | 1,217,875                                  | 1,355,595           |
| <b>Changes in operating assets and liabilities:</b>   |  |                     |
| Trade receivables   | (9,749,677)                                | (514,960)           |
| Inventory   | (2,630,867)                                | 297,202             |
| Other current assets  | (3,722,465)                                | (3,906,848)         |
| Accounts payables   | 4,106,112                                  | 3,116,325           |
| Accrued expenses and other current liabilities  | 4,437,711                                  | 418,910             |
| Deferred tax liabilities  | (107,743)                                  | (105,642)           |
|   | (3,597,044)                                | (592,002)           |
| Zakat and income tax paid   | (1,698,608)                                | (1,299,774)         |
| Employee benefits paid  | (741,468)                                  | (799,947)           |
| <b>Net cash used in operating activities</b>  | <b>(6,037,120)</b>                         | <b>(2,691,723)</b>  |
| <b><u>Cash flows from Investing activities</u></b>  |  |                     |
| Additions to Property, plant, and equipment   | (1,039,593)                                | (234,626)           |
| Net change of financial assets at fair value  | 3,805,768                                  | 16,764,466          |
| <b>Net cash generated from investing activities</b>   | <b>2,766,175</b>                           | <b>16,529,840</b>   |
| <b><u>Cash flows from Financing activities</u></b>  |  |                     |
| Lease liabilities paid  | (2,193,554)                                | (2,350,201)         |
| <b>Net cash used in financing activities</b>  | <b>(2,193,554)</b>                         | <b>(2,350,201)</b>  |
| <b>Net change in cash and cash equivalents</b>  | <b>(5,464,499)</b>                         | <b>11,487,916</b>   |
| Cash and cash equivalents at beginning of the period  | 17,251,994                                 | 11,820,045          |
| Foreign currency translation differences  | 493,252                                    | (2,854,686)         |
| <b>Cash and cash equivalents at end of the period</b>   | <b>12,280,747</b>                          | <b>20,453,275</b>   |
| <b><u>Significate Non-cash Transaction</u></b>  |  |                     |
| realized gain from financial assets at fair value through Other Comprehensive Income                    | 651,830                                    | 14,330,378          |
| Purchase of financial assets at fair value through other comprehensive income through credit facilities | -  | 20,000,000          |
| Unrealized gain from financial assets at fair value through Other Comprehensive Income                  | 7,756,605                                  | 2,903,082           |
| Due Credit facilities paid through financing  | 21,249,993                                 | -                   |

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 30 June 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 Group incurred a net loss of SR 9.4 million for the period ended 30 June 2023 (period ended 30 June 2022: net loss of SR 11 million), The group also has a deficit in working capital of SR 2 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 30 June 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 June 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 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        |
|---|------------------------|-------------|------------|-----------------------|----------------|--------------|
| <b>30 June 2023 (Unaudited)</b>                           |                        |             |            |                       |                |              |
| Total assets  | 98,494,384             | 32,984,435  | 15,860,654 | 59,038,645            | 68,573,503     | 274,951,621  |
| Total liabilities   | 69,169,958             | 14,925,800  | 11,554,494 | -                     | 11,524,371     | 107,174,623  |
| Net sales   | 73,621,907             | 7,105,044   | 4,624,139  | -                     | -              | 85,351,090   |
| Profit (Loss) attributable to shareholders for the period | 4,055,406              | (9,879,370) | 939,062    | 1,297,405             | (6,745,537)    | (10,333,034) |
| <b>30 June 2022 (Unaudited)</b>                           |                        |             |            |                       |                |              |
| Net sales   | 71,479,845             | 7,132,449   | 4,207,524  | -                     | -              | 82,819,818   |
| (loss) profit attributable to shareholders for the period | (3,556,474)            | (2,860,935) | 353,944    | 1,697,862             | (7,018,360)    | (11,383,963) |
| <b>31 December 2022 (Audited)</b>                         |                        |             |            |                       |                |              |
| 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)

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 June 2023, 30 June 2022, and 31 December 2022 are as follows:

#### Geographic Information

| Descriptions  | Kingdom of Saudi Arabia | Arab Republic of Egypt | Total        |
|---|-------------------------|------------------------|--------------|
| <b>30 June 2023 (Unaudited)</b>                           |                         |                        |              |
| Total assets  | 249,605,705             | 25,345,916             | 274,951,621  |
| Total liabilities   | 99,289,897              | 7,884,726              | 107,174,623  |
| Net sales   | 73,862,175              | 11,488,915             | 85,351,090   |
| (Loss) profit attributable to shareholders for the period | (14,891,794)            | 4,558,760              | (10,333,034) |
| <b>30 June 2022 (Unaudited)</b>                           |                         |                        |              |
| Net sales   | 66,084,889              | 16,734,929             | 82,819,818   |
| Loss attributable to shareholders for the period          | (11,127,343)            | (256,620)              | (11,383,963) |
| <b>31 December 2022 (Audited)</b>                         |                         |                        |              |
| 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 June is as follows:

|   | 30 June<br>2023<br>(Unaudited) | 30 June<br>2022<br>(Unaudited) |
|---|--------------------------------|--------------------------------|
| Depreciation                                | 4,952,381                      | 4,840,758                      |
| Addition of property, plant and equipment   | 1,039,593                      | 234,626                        |
| Impairment of property, plant and equipment | (1,618,584)                    | -                              |

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

This item consists of the following:

|   | 30 June<br>2023<br>(Unaudited) | 31 December<br>2022<br>(Audited) |
|---|--------------------------------|----------------------------------|
| <b>A. " Arabian Industrial Fiber Company (Ibn Rushd)</b>                |                                |                                  |
| Cost  | 132,900,000                    | 132,900,000                      |
| Less: Fair value reserve for investment                                 | (132,900,000)                  | (132,900,000)                    |
| Fair Value  | -                              | -                                |
| <b>B. Warehouses &amp; Support Services Company</b>                     |                                |                                  |
| 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                        |
| <b>C. Investment in priced local securities portfolio as below note</b> |                                |                                  |
| Fair Value  | 52,219,078                     | 47,617,273                       |
|   | 56,851,590                     | 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 June 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:

|                                  | 30 June<br>2023<br>(Unaudited) | 31 December<br>2022<br>(Audited) |
|----------------------------------|--------------------------------|----------------------------------|
| 1 January                        | 47,617,273                     | 55,004,333                       |
| Unrealized gain (loss)           | 7,756,605                      | (14,024,180)                     |
| Disposal during the period/year  | (3,154,800)                    | (23,493,561)                     |
| Additions during the period/year | -                              | 30,130,681                       |
|                                  | <u>52,219,078</u>              | <u>47,617,273</u>                |

## 6. TRADE RECEIVABLES

|                                      | 30 June<br>2023<br>(Unaudited) | 31 December<br>2022<br>(Audited) |
|--------------------------------------|--------------------------------|----------------------------------|
| Trade receivables                    | 25,873,339                     | 16,119,396                       |
| Allowance for expected credit losses | (2,723,829)                    | (1,858,228)                      |
|                                      | <u>23,149,510</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 the 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 June<br>2023<br>(Unaudited) | 31 December<br>2022<br>(Audited) |
|---|--------------------------------|----------------------------------|
| 1 January                                       | 9,250,389                      | 3,935,020                        |
| Unrealized (Loss) gain                          | (1,472,186)                    | 990,478                          |
| Net (Disposal) additions during the period/year | (6,184,633)                    | 4,324,891                        |
|   | <u>1,593,570</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, 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 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 a 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 June 2023 amounted to SR 23,1 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 June<br>2023<br>(Unaudited) | 31 December<br>2022<br>(Audited) |
|--------------------|--------------------------------|----------------------------------|
| Zakat Payable      | 4,633,651                      | 4,546,189                        |
| Income tax Payable | 956,399                        | 1,084,510                        |
|                    | <u>5,590,050</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 June<br>2023<br>(Unaudited) | 30 June<br>2022<br>(Unaudited) |
|-------------------------------------|--------------------------------|--------------------------------|
| Zakat - made during the period      | (694,514)                      | (623,082)                      |
| Income tax - made during the period | (963,445)                      | (366,398)                      |
|                                     | <u>(1,657,959)</u>             | <u>(989,480)</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:

|  | 30 June 2023 (Unaudited) |                      | 30 June 2022 (Unaudited) |                      |
|--|--------------------------|----------------------|--------------------------|----------------------|
|  | Board of<br>Directors    | Senior<br>Executives | Board of<br>Directors    | Senior<br>Executives |
| Salaries and other benefits  | -                        | 1,268,086            | -                        | 815,187              |
| End of service benefits  | -                        | 61,314               | -                        | 58,479               |
| Remunerations and allowances for attending the meetings of the Board of Directors and sub-committees | 1,346,579                | -                    | 1,295,000                | -                    |
|  | <u>1,346,579</u>         | <u>1,329,400</u>     | <u>1,295,000</u>         | <u>873,666</u>       |



## 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.

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

|   | 2023<br>(Unaudited) | 2022<br>(Unaudited) |
|---|---------------------|---------------------|
| Net loss of period (SAR)                                    | (10,333,034)        | (11,383,963)        |
| Weighted average number of shares during the period (share) | 40,000,000          | 40,000,000          |
| Basic and diluted share per share (SAR)                     | (0.26)              | (0.28)              |

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 SR 15,2 million 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. On 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 30 June 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 June 2022<br>previously stated | Adjustments | Re-<br>classification | 30 June 2022<br>Modified |
|---|-----------------------------------|-------------|-----------------------|--------------------------|
| <b><u>STATEMENT OF PROFIT OR LOSS AND<br/>OTHER COMPREHENSIVE INCOME</u></b>      |                                   |             |                       |                          |
| General and administrative expenses   | 15,873,566                        | -           | (29,213)              | 15,844,353               |
| Expected credit losses  | -                                 | -           | 29,213                | 29,213                   |
| Dividends from the financial assets at<br>fair value                              | -                                 | -           | 770,641               | 770,641                  |
| Other income  | 2,601,854                         | -           | (770,641)             | 1,831,213                |
| Realized gain from financial assets at<br>fair value through profit or loss       | 927,220                           | (927,220)   | -                     | -                        |
| Unrealized gain from the financial<br>assets at fair value through profit or loss | -                                 | 927,220     | -                     | 927,220                  |

### 15. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The issuance of the Group's interim condensed consolidated financial statements for the Six-months period ended 30 June 2023 was approved by Board of Directors on 08/08/2023.