BATIC INVESTMENTS AND LOGISTICS COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
31 DECEMBER 2022

Building a better working world

Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

C.R. No. 1010383821

Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730

ey.ksa@sa.ey.com
ey.com

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS
To the Shareholders of Batic Investments and Logistics Company
(A Saudi Joint Stock Company)

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Batic Investments and Logistics Company (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter:
The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed unmodified opinion on those consolidated financial statements on 21 Sha'ban 1443H (Corresponding to 24 March 2022).

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS
To the Shareholders of Batic Investments and Logistics Company
(A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition The Group's revenue mainly comprises of; Security guard services, ATM feeding services, transportation, smart parking services, secured money transfer services, facility management services, and other totalling SR 427.5 million for the year ended 31 December 2022. We considered this as a key audit matter due to the diversity of the business activities for the Group. Additionally, there are certain inherent risks which mainly relate to judgement involved for the recognition of revenue at point in time or over a period of time. Refer to note 2 for the accounting policy relating to revenue recognition, notes 22 and 27 for the related disclosures.	Our audit procedures included, among others, the following: • Evaluated the appropriateness of revenue recognition policies and compliance with International Financial Reporting Standard 15 and International Financial Reporting Interpretations Committee 12. • Performed test of details on a sample of sale transactions and vouched to source documents. Further, tested the accuracy of invoices on a sample basis. • Performed test of details on a sample of payments relating to supply and construction of the smart parking project and ensured the revenue recognition. • Performed analytical procedures by comparing expected revenue with actual revenue and analyzing variances. • Performed cut-off procedures to ensure that revenue is recognized when the control is transferred to the customer and in the correct accounting period. • Assessed the adequacy of the relevant disclosures in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS
To the Shareholders of Batic Investments and Logistics Company
(A Saudi Joint Stock Company) (continued)

Other information included in The Group's 2022 Annual Report

Other information consists of the information included in the Group's 2022 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Group's 2022 annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Group's 2022 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance, i.e., the Audit Committee, is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

EY

Building a better working world

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS
To the Shareholders of Batic Investments and Logistics Company
(A Saudi Joint Stock Company) (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

for Ernst & Young
Professional Services

Fahad M. Al-Toaimi
Certified Public Accountant
License No. (354)

Riyadh: 17 Shaban 1444H
9 March 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2022	2021
ASSETS			
Non-current assets			
Property and equipment	5	**161,035,744**	172,321,834
Right-of-use assets	6	**42,352,804**	10,430,859
Investment properties	7	**194,461,685**	38,317,753
Intangible assets	8	**634,473,683**	473,623,338
Investments measured at FVPL	9	**2,042,704**	2,042,704
Total non-current assets		**1,034,366,620**	696,736,488
Current assets			
Inventory	10	**8,817,262**	7,734,516
Trade receivables, prepayments, and other receivables	11	**170,848,301**	219,311,442
Due from related parties	20	**1,436,168**	1,084,503
Short-term financial assets measured at FVPL	9	**81,191,135**	10,930,023
Cash and cash equivalents	12	**57,738,920**	37,271,833
Total current assets		**320,031,786**	276,332,317
Total assets		**1,354,398,406**	973,068,805
EQUITY AND LIABILITIES			
Equity			
Share capital	1	**600,000,000**	300,000,000
Statutory reserve	30	**48,996,657**	48,996,657
Accumulated losses		**(39,913,752)**	(416,709)
Business combination reserve		**(143,926,868)**	(122,747,412)
TOTAL EQUITY ATTRIBUTE TO THE COMPANY'S SHAREHOLDERS		**465,156,037**	225,832,536
Non-controlling interest		**12,946,140**	10,187,252
TOTAL EQUITY		**478,102,177**	236,019,788
LIABILITIES			
Non-current liabilities			
Bank borrowings - long-term	13	**163,989,260**	90,936,314
Long-term notes payable	15	**-**	3,561,300
Lease liabilities- long term portion	17	**29,040,883**	6,078,770
Obligation under the service concession agreement	21	**463,651,326**	317,513,811
Employees' defined benefit liabilities	14	**36,539,072**	37,371,043
Total non-current liabilities		**693,220,541**	455,461,238
Current liabilities			
Current portion of long-term and short-term bank borrowings	13	**28,016,540**	174,319,333
Current portion of obligation under the service concession agreement	21	**23,521,813**	12,232,440
Lease liabilities- short portion	17	**12,528,608**	4,041,004
Amounts due to shareholders	16	**35,781,423**	18,831,587
Trade payables, accruals, and other payables	18	**78,133,513**	65,272,466
Provision for zakat	19	**5,093,791**	6,890,949
Total Current liabilities		**183,075,688**	281,587,779
Total liabilities		**876,296,229**	737,049,017
TOTAL LIABILITIES AND EQUITY		**1,354,398,406**	973,068,805

Chairman of the Board of Directors	Managing Director	Chief Financial Officer
Ahmed Mohammed AL Sanie	Mohammed Saud Al-Zamil	Mohammed Mahmoud Tantawi

The accompanying notes 1 to 36 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
As at 31 December
(All amounts in Saudi Riyals unless otherwise stated)

	Note	***2022***	*2021*
Revenues	22	**427,495,117**	474,828,927
Cost of revenue	23	**(384,340,887)**	(426,418,478)
Gross profit		**43,154,230**	48,410,449
General and administrative expenses	25	**(47,108,055)**	(51,357,336)
(Provision) /reverse of impairment of financial assets	11	**(15,660,000)**	1,606,180
Loss from operations		**(19,613,825)**	(1,340,707)
Unrealized gain from investments measured at FVPL	9	**1,553,209**	930,023
Dividend income		**150,000**	150,000
Other income, net	24	**3,424,485**	209,944
Finance charge, net	26	**(12,682,818)**	(10,588,845)
Net loss before zakat		**(27,168,949)**	(10,639,585)
Zakat	19	**(4,782,397)**	(6,426,404)
Net loss for the year		**(31,951,346)**	(17,065,989)
Attribuatable to:			
Equity holders of the parent		**(30,837,648)**	(9,649,264)
Non-controlling interests		**(1,113 ,698)**	(7,416,725)
		(31,951,346)	(17,065,989)
Other comprehensive loss			
Items that will not to be reclassified to profit or loss in subsequent periods:			
Re-measurement loss on employees' defined benefit liabilities	14	**(3,675,710)**	(1,135,872)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(35,627,056)**	(18,201,861)
Attributable to:			
Equity holders of the parent		**(34,322,043)**	(10,701,813)
Non-controlling interests		**(1,305,013)**	(7,500,048)
		(35,627,056)	(18,201,861)
Earnings per share			
Basic and diluted loss per share from net loss attributable to the shareholders of the parent	28	**(0.52)**	(0.32)

Chairman of the Board of Directors	Managing Director	Chief Financial Officer
Ahmed Mohammed AL Sanie	Mohammed Saud Al-Zamil	Mohammed Mahmoud Tantawi

The accompanying notes 1 to 36 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	*Statutory reserve*	*(Accumulated losses) / Retained earnings*	*Business combination reserve*	***Total shareholders' equity***	*Non-controlling interest*	***Total***
Balance as at 1 January 2021	300,000,000	48,996,657	10,285,104	-	359,281,761	15,417,631	374,699,392
Net loss for the year	-	-	(9,649,264)	-	(9,649,264)	(7,416,725)	(17,065,989)
Other comprehensive loss	-	-	(1,052,549)	-	(1,052,549)	(83,323)	(1,135,872)
Total comprehensive loss for the year	-	-	(10,701,813)	-	(10,701,813)	(7,500,048)	(18,201,861)
Business combination reserve	-	-	-	(122,747,412)	(122,747,412)	-	(122,747,412)
Change in non-controlling interest	-	-	-	-	-	2,269,669	2,269,669
Balance as at 31 December 2021	300,000,000	48,996,657	(416,709)	(122,747,412)	225,832,536	10,187,252	236,019,788
Balance as at 1 January 2022	**300,000,000**	**48,996,657**	**(416,709)**	**(122,747,412)**	**225,832,536**	**10,187,252**	**236,019,788**
Share capital increase	**300,000,000**	**-**	**-**	**-**	**300,000,000**	**-**	**300,000,000**
Transaction cost of share capital increase			**(5,175,000)**	**-**	**(5,175,000)**	**-**	**(5,175,000)**
Net loss for the year	**-**	**-**	**(30,837,648)**	**-**	**(30,837,648)**	**(1,113,698)**	**(31,951,346)**
Other comprehensive loss	**-**	**-**	**(3,484,395)**	**-**	**(3,484,395)**	**(191,315)**	**(3,675,710)**
Total comprehensive loss for the year	**-**	**-**	**(34,322,043)**	**-**	**(34,322,043)**	**(1,305,013)**	**(35,627,056)**
Additional shares of a subsidiary (note 1)	**-**	**-**	**-**	**(21,179,456)**	**(21,179,456)**	**-**	**(21,179,456)**
Change in non-controlling interest	**-**	**-**	**-**	**-**	**-**	**4,063,901**	**4,063,901**
Balance as at 31 December 2022	**600,000,000**	**48,996,657**	**(39,913,752)**	**(143,926,868)**	**465,156,037**	**12,946,140**	**478,102,177**

Chairman of the Board of Directors	Managing Director	Chief Financial Officer
Ahmed Mohammed AL Sanie	Mohammed Saud Al-Zamil	Mohammed Mahmoud Tantawi

The accompanying notes 1 to 36 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2022	2021
OPERATING ACTIVITIES			
Net loss before zakat		**(27,168,949)**	(10,639,585)
Adjustments to reconcile loss before zakat to net cash flows:			
Depreciation of property and equipment	5	**26,241,640**	28,316,252
Depreciation of investment properties	7	**484,732**	470,838
Amortization of intangible assets	8	**15,739,667**	11,401,251
Depreciation of right-of-use assets	6	**9,333,865**	3,317,315
Provision of impairment of financial assets	11	**15,660,000**	(1,606,180)
Dividend income		**(150,000)**	(150,000)
Unrealized gain from investments at FVPL		**(1,553,209)**	(930,023)
Realized gain from investments fund	24	**(125,647)**	-
Employees’ defined benefit liabilities	14	**11,479,406**	11,811,594
Finance charge	26	**12,682,818**	10,588,845
(Loss) gain from sale of property and equipment and intangible assets	24	**883,382**	(607,534)
Gain from disposal of investment in a subsidiary, net		**(1,904,349)**	-
Accrued profit from a deposit	24	**(388,333)**	-
Working capital adjustments:			
Inventory	10	**(1,082,746)**	2,123,609
Trade receivables, prepayments, and other receivables		**18,248,942**	7,917,416
Trade payables, accruals, and other payables		**20,764,133**	12,771,232
Cash flows from operating activities		**99,145,352**	74,785,030
Employees’ defined benefit liabilities paid	14	**(15,808,149)**	(11,649,351)
Zakat paid	19	**(6,579,555)**	(5,841,563)
Net cash generated from operating activities		**76,757,648**	57,294,116
INVESTING ACTIVITIES			
Additions to investment properties	7	**(156,647,988)**	(6,900)
Additions to property and equipment	5	**(26,961,515)**	(4,224,350)
Additions to intangible assets	8	**(11,862,747)**	(29,379,491)
Additions to financial assets measured at FVPL		**(78,757,500)**	(10,000,000)
Additional shares of a subsidiary	1	**(19,800,000)**	(113,874,812)
Proceed from sale of financial assets through profit or loss		**10,049,597**	-
Proceed from investment Fund		**125,647**	-
Dividends received from long term financial assets measured at FVPL		**150,000**	150,000
Proceed of profit from a deposit		**388,333**	-
Proceed from disposal of intangible assets		**45,609**	-
Proceed from sale of property and equipment		**10,854,127**	4,354,030
Change in Advances paid to purchase property and equipment		**(46,039)**	-
Cash flow from the acquisition of subsidiaries, net cash acquired		**-**	(1,559,635)
Net cash used in investing activities		**(272,462,476)**	(154,541,158)
FINANCING ACTIVITIES			
Amounts due to shareholders		**16,949,836**	(62,346)
Share capital increase	1	**300,000,000**	-
Transaction cost of share capital increase		**(5,175,000)**	-
Payment of lease liabilities	17	**(11,889,291)**	(3,899,240)
Payment for an obligation under a service concession agreement		-	(17,524,784)
Proceeds from loans	13	**101,336,857**	179,885,983
Repayment of loans	13	**(174,586,704)**	(64,669,433)
Repayment of finance cost		**(5,439,382)**	(3,977,769)
Repayment of notes payable		**(5,024,401)**	(4,748,400)
Change in non-controlling interests		-	(6,401,792)
Net cash generated from financing activities		**216,171,915**	78,602,219
Net change in cash and cash equivalents		**20,467,087**	(18,644,823)
Cash and cash equivalent at 1 January	12	**37,271,833**	55,916,656
Cash and cash equivalents at 31 December	12	**57,738,920**	37,271,833

The accompanying notes 1 to 36 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December

(All amounts in Saudi Riyals unless otherwise stated)

	Note	***2022***	*2021*
Significant non-cash transactions were as follows:			
Right of use assets		**42,684,694**	5,795,377
Lease liability		**42,872,337**	5,807,202
Adjustment on obligation under service concession agreement	8	**44,564,401**	-
Accrued finance cost		**2,486,286**	956,241

Chairman of the Board of Directors	Managing Director	Chief Financial Officer
Ahmed Mohammed AL Sanie	Mohammed Saud Al-Zamil	Mohammed Mahmoud Tantawi

(All amounts in Saudi Riyals unless otherwise stated)

1. GENERAL INFORMATION

Batic Investments and Logistics Company (the "Company" or "Batic") - a Saudi Joint Stock Company - the previous name (Saudi Transport and Investment Company - Mubarrad) formed under the Regulations for Companies and is registered in the Riyadh, Kingdom of Saudi Arabia ("KSA") under Commercial Registration No. 1010052902 dated 13, Rabi` Al-Akhir ,1404H (corresponding to 16 January 1984).

Based on the approval of the extraordinary general assembly of the shareholders of the company on 6/7/1438H corresponding to 3/4/2017, the second article of the company's by-law has been amended to change the name of the company from (Saudi Transport and Investment Company - Mubarrad) to (Batic Investments and Logistics Company).

The principal activities of the Company are in the purchase and sale of land and real estate and its division, construction of residential buildings and general construction of non-residential buildings, including (schools, hospitals, hotels, etc.), restoration of residential and non-residential buildings, construction and repair of roads, streets, sidewalks, road accessories, and finishing buildings.

The Company's head office is located in Riyadh - Al-Olaya District - Al-Arz Street - PO Box 7939.

The Company's financial year begins on the first of January and ends at the end of December of each calendar year.

Capital

The shareholders of the Company in their meeting held on to 2 Jumada al-Awal 1443H (corresponding to 6 December 2021) decided to increase the share capital of the Company from SR 300,000,000 to SR 600,000,000 (divided into 60,000,000 shares of SR 10 each). The legal formalities for the increase in share capital including approval by the Capital Market Authority which was obtained on 26 Rabi' Al-Awal 1443H (corresponding to 2 November 2021) were completed during the year 2022.

Group's Structure

The consolidated financial statements include the financial statements of the parent company and its subsidiaries (collectively referred to as the "Group") as follows:

		31 December 2022		*31 December 2021*	
	Country of Domicile	***% of direct investment***	***% of indirect investment***	*% of direct investment*	*% of indirect investment*
Arab Security & Safety Services Company (AMNCO)	Saudi Arabia	**94.89%**	**-**	94.89%	-
Saudi Transport and Investment Company (Mubarrad)	Saudi Arabia	**100%**	**-**	100%	-
Batic Real Estate (note 1.1)	Saudi Arabia	**100%**	**-**	100%	-
Abeen Healthcare	Saudi Arabia	**100%**	**-**	100%	-
AMNCO Facility Management Co. Ltd.	Saudi Arabia	**-**	**66.42%**	-	66.42%
Smart Cities ICT Solutions Company (note 1.2)	Saudi Arabia	**79.4%**	**5.31%**	72.8%	5.31%
Moshrat Al-Estijabah Company (note 1.3)	Saudi Arabia	**-**	**90.14%**	-	56.93%
Medical Bridges Company (note 1.4)	Saudi Arabia	-	-	-	75%

1.1 The Company increased the share capital of Batic Real Estate through transfers of its property and equipment and investment properties of SR 76.7 million. The legal formalities have been completed.

1.2 During the year, the Company acquired additional 6.6% shares from other two shareholders through share purchase agreements effective 19 Ramadan 1443H (corresponding to 13 January 2022) and 11 Shawwal 1443H (corresponding to 12 May 2022). The company completed the legal formalities.

1.3 During the year, the indirect investment of Moshrat Al-Estijabah Company has been increased by 33.21% through Arab Security & Safety Services Company (AMNCO). The legal formalities have been completed (note 34).

1.4 During the year, the Group sold its all ownership of Medical Bridges Company that represented 75% of total shares. The legal formalities were completed to conclude the transaction after the Company's board of directors' approval on 10 October 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in KSA and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (referred to thereafter as "IFRS").

Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention unless stated otherwise in the below accounting policies.

Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals ("SR"), which is the functional and presentation currency of the Group. These consolidated financial statements have been rounded-off to the nearest Saudi Riyal, unless otherwise stated.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through 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 it the current ability to direct the relevant activities of the investee);
Exposure, or rights, to variable returns from its involvement 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. In support of this assumption and, when the Group has less than a majority of the voting rights or similar rights in the investee, the Group takes into consideration all relevant facts and circumstances when determining whether it exercises control over the 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 reassesses 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 period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup 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. When a Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Consolidation (continued)
Non-controlling interest ("NCI") represents the interest in subsidiary companies, not held by the Group. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Transactions with non-controlling interest parties are treated as transactions with parties external to the Group.

Cash and cash equivalents
Cash and bank balances in the consolidated statement of financial position comprise cash at banks, on hand, and short-term deposits which are subject to an insignificant risk of changes in value.

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

All other assets are classified as non-current. A liability is current when:
- It is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Company classifies all other liabilities as non-current.

Financial instruments

Initial recognition and subsequent measurement and derecognition

Financial assets
Initial recognition and measurement
Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes party to the contractual provisions of the instrument.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of debt financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model.

The Group has the following financial assets

Financial assets at amortized cost:
A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in consolidated statement of income when the asset is derecognised, modified or impaired.
The Group's financial assets at amortised cost includes trade receivables and amounts due from related parties.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade receivables
Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in "Revenue from contracts with customers".

Investments at fair value through other comprehensive income (FVOCI)
On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as held at FVOCI. Designation at FVOCI is not permitted if the equity investments is held for trading or if it is contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity investments held at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserves. The cumulative gain or loss will not be reclassified to consolidated statement of income on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these equity investments are recognized in consolidated statement of income when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:
- The right to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either:

  a) The Group has transferred substantially all the risks and rewards of the asset, or
  b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Reclassifications
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Impairment of financial assets
The Group assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based in its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement
Financial liabilities are initially recognised when the Group becomes party to the contractual provisions of the instrument.

All financial liabilities are recognized initially at fair value, and, in the case of bank facilities and payables, these are stated net of directly attributable transaction costs.

The Group's financial liabilities includes trade payable, term loans and amounts due to related parties.

Term loans
This is the category most relevant to the Group. After initial recognition, interest-bearing term loans are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated statement of income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of income.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of income.

Offsetting of financial instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Inventories
Inventories are measured at the lower of cost or net realizable value. Cost is determined using the weighted average method. Cost of inventory includes purchase price plus all incurred expenditures in order to bring the inventory to its existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. A provision for obsolete, slow moving and defective inventories is made, when necessary.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 16

Right to use assets (ROU)
On initial recognition, at inception of the contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is identified if most of the benefits are flowing to the Group and the Group can direct the usage of such assets.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:
Buildings: 5 years Trucks: 5 years

The Group applies the cost model, and measures right of use assets at cost:
- less any accumulated depreciation and any accumulated impairment losses; if any, and
- adjusted for any re-measurement of the lease liability for lease modifications, if any.

If there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to the transaction, etc., these need to be added to the RoU asset value.

Lease liabilities
On initial recognition, the lease liability is the present value of all remaining payments to the lessor. After the commencement date, the Group measures the lease liability by:

a) Increasing the carrying amount to reflect incremental financing rate on the lease liability;
b) Reducing the carrying amount to reflect the lease payments made; and
Re-measuring the carrying amount to reflect any re-assessment or lease modification.

The lease payments are discounted using the incremental borrowing rate, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of comprehensive income Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items relating to office equipment.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Group as a lessor (rental income)
When the Group acts as a lessor, it determines at the inception of the lease whether each lease is a finance lease or operating lease. To classify each lease, the Group makes an overall assessment whether the lease transfers substantially all the risks and rewards incidental to the ownership of the underlying asset. If that is the case then the lease finance lease, otherwise it is an operating lease.
The Group does not have any finance leases as a lessor. The Group recognises lease payments under the operating leases as income on straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs (if any) for long-term projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of income as incurred.
Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings, decoration	20-33 years	Workshop's equipment and containers	10 – 15 years
Trucks, trailers cooling unit and cars	4 - 15 years	Machinery, security equipment's	7-10 years
Furniture and office devices	4-5 years		

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Projects under construction

Projects under construction are presented at cost and are not depreciated. Depreciation on projects under construction commences when the assets are ready for their intended use and transferred to property and equipment. Finance charges in respect of loans used to finance the construction of the qualifying assets are capitalized during the period of time necessary to complete and prepare the asset for its intended use.

Investment Properties

Investment properties are non-current assets held either to earn rental income or capital appreciation or both, but not for sale in context of normal operations, or their use in the production or supply of goods or services, or for administrative purposes. Real estate investment is measured at cost upon initial recognition thereafter, at cost less accumulated depreciation and impairment losses, if any.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of comprehensive income in the year of derecognition.

Transfers are made to (or from) investment properties only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment Properties are depreciated on a straight-line basis over the estimated useful lives of the assets, as follows:
Buildings: 30 years

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible Assets (continued)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible Assets are amortised on a straight-line basis over the estimated useful lives of the assets, as follows:
Software: 5 years

Assets arising from service concession arrangements (IFRIC 12)
The Group's operations in relation to the smart parking project are carried out under long-term concession arrangements. The Group recognizes concession rights in project parking lots resulting from the concession service arrangement, which is under the control of the public sector (the “grantor”) or regulates the services provided and fixed prices as well as controls any significant remaining interest in infrastructure such as property and equipment in the case of the grantor’s infrastructure or created or purchased by the Group as part of a concession service arrangement.

The Group recognizes an intangible asset arising from a service concession arrangement when it has a right to benefit from the concession infrastructure usage fees. Intangible assets received as consideration for the provision of construction or development services in a service concession arrangement are measured at fair value on initial recognition by reference to the fair value of the services.

The parking concession rights include all costs incurred in connection with the parking lot. Port concession rights also include certain property, plant and equipment that are classified as intangible assets in accordance with the interpretation of IFRIC 12 “Service Concession Arrangements”. The intangible in service concession arrangements is the period during which the Group is able to charge the public for the use of smart parking until the end of the concession term of 25 years or for the life of the underlying assets – whichever is shorter.

Gains or losses arising from de-recognition of service concession assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (***continued)***
For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the separate statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated statement of income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Business combinations and Goodwill
Business combinations are accounted for using the acquisition method upon transfer of control to the Group. The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in the consolidated statement of profit or loss as incurred.

When the Group acquires a business, it assesses the identifiable assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value with limited exceptions.

Goodwill is initially measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value at the acquisition-date of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts recognized at the acquisition date.

If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then a gain on bargain purchase at a differential price is recognized in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing for goodwill acquired from the business combination and from the date of acquisition, it will be allocated to cash-generating units ("CGU") that are expected to benefit from the consolidation regardless of whether the other assets or liabilities acquired have been allocated to those units.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and Goodwill (continued)

If goodwill is not allocated to designated cash-generating units because of an incomplete initial calculation, the initial impairment loss will not be tested unless impairment indicators are available to enable the Group to distribute the carrying amount of the goodwill to the cash generating units or the group of cash generating units expected to benefit from business combination. Where goodwill is allocated to the cash generating unit and part of the operations of that unit are disposed of, goodwill associated with the discontinued operation will be included in the carrying amount when determining the gain or loss on disposal of the operation. The goodwill in such circumstances is measured on the basis of the value of a similar disposed operation and the remaining portion of the cash-generating unit.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another relevant IFRS approved in Kingdom.

Any contingent consideration to be paid (if any) will be recognized at fair value at the acquisition date and classified as equity or a financial liability. Contingent consideration classified as a financial liability is subsequently remeasured at fair value with the changes in fair value recognized in the consolidated statement of profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in the consolidated statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to the consolidated statement of profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for the business combination is not completed by the end of the reporting period which constitutes the period in which the combination occurred, the Group presents the items whose value calculation has not been completed in a temporary manner in the consolidated financial statements. During the measurement period, which is not more than one year from the acquisition date, the temporary value recognized on the acquisition date is retroactively adjusted to reflect the information obtained about the facts and circumstances that existed at the date of acquisition and if it is determined that this will affect the measurement of amounts recognized as of that date.

The Group recognizes additional assets or liabilities during the measurement period if new information becomes available about facts or circumstances that existed at the date of the acquisition and if it will result in recognition of assets or liabilities from that date. The measurement period ends once the group obtains all information that existed at the acquisition date or as soon as it becomes sure of the absence of more information.

Dividends

The Group recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. Final dividends are recognised as a liability at the time or at the period of their approval by the General Assembly. Interim dividends are recorded as and when approved by the Board of Directors. A corresponding amount is recognised directly in consolidated statement of changes in equity.

Zakat

The Company and its subsidiaries are subject to Zakat in accordance with the zakat regulation issued by the Zakat, Tax and Customs Authority ("ZATCA") in the KSA, which is also subject to interpretations. Zakat is levied at a fixed rate of 2.5% on the higher of adjusted Zakatable profit or based on net equity using the basis defined in the zakat regulation (the Zakat base). The management establishes provisions where appropriate on the basis of amounts expected to be paid to the ZATCA and periodically evaluates positions taken in the Zakat returns with respect to situations in which applicable Zakat regulation is subject to interpretation. The zakat provision is charged to the consolidated statement of income. Additional Zakat liability, if any, related to prior years' assessments arising from ZATCA are accounted for in the period in which the final assessments are finalised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Value-Added Tax ("VAT")
Expenses and assets are recognised net of the amount of value added tax, except, where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables that are stated with the amount of VAT included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Accruals
Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions, contingent assets and contingent liabilities
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Employees' defined benefits
Short term employees' benefits
Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans
Retirement benefit in the form of General Organization of Social Insurance (GOSI) is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the GOSI. The Group recognises contribution payable to the GOSI as an expense when due.

Defined benefit plans
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net pension liability recognised in the consolidated statement of financial position in respect of defined benefit post-employment plans is the present value of the projected defined benefit obligation (DBO) at the statement of financial position date. The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method. Re-measurement amounts, if any, are recognised and reported within other reserves under the consolidated statement of changes in equity with corresponding debit or credit to consolidated statement of other comprehensive income that comprises of actuarial gains and losses on the defined benefits obligation.

Borrowings and borrowing costs
Borrowings are recognized initially at fair value, net of transaction costs incurred, and then subsequently recognized at amortized cost with amortizing any difference between the proceeds (net of transaction costs) and the recovered value in the consolidated statement of comprehensive income over the period of the borrowing using the effective commission method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowings and borrowing cost (continued)

Fees paid to enter into borrowing facilities are accounted for as transaction costs of the loan, provided there is a possibility that some or all of the facilities will be drawn down. In this case, the fee is deferred until the withdrawal occurs. In the event that there is no evidence that some or all of the facilities may be withdrawn, the fees are capitalized and recorded in the advance payments for liquidity services, and they are amortized over the period of the facilities related to them.

Finance costs mainly represent expenses payable on borrowings obtained from financial institutions at normal commercial rates, and are recorded in expenses in the consolidated statement of comprehensive income in the period in which they are incurred.

Borrowing costs directly related to the acquisition, construction or production of any qualifying asset are capitalized during the period of time required to complete and prepare the asset for its intended use. All borrowing costs are recognized in expense on a time proportion basis using the effective interest rate method.

Fair value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset’s highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Revenues

Revenue from contracts with customers

Revenues from providing services

Revenue from providing services is recognized in the accounting period in which the group provides the agreed services to its customers. Revenue is calculated for fixed-value and incomplete contracts at the end of the period in proportion to the service provided until the end of the period from the total service agreed upon in the contract.

Revenues from Real estate segment

Revenue from the real estate segment includes income from rental, property management and property sales.

Real estate rental income is recognized on a straight-line basis over the term of the lease agreement. When the group provides a discount on the rent as an incentive to its clients, whether at the beginning or the end of the period, the cost of this discount is distributed in a straight-line method over the contract period and deducted from the rental income. Real estate management revenues are recognized in the accounting period in which the service is provided to its clients. In the event that the group acts as a middleman, only the commission value is recognized as revenue and not the total contract value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Construction, equipping and operating services Revenue
Revenue relating to construction and fit-out services under service concession arrangements is recognized over time in line with the Group's accounting policy for construction contract revenue recognition. Operational or service revenue is recognized in the period in which the services are provided by the Group. If the service concession arrangement contains more than one performance obligation, then the consideration is allocated to a recipient by reference to the relative independent selling prices of the services provided.

Cost of revenue
The cost of revenue includes all direct operating expenses related to transportation and the generation of transport revenues, including the costs of services from external sources (security, maintenance, repair, leasing services ... etc.) and the costs of the security guards Segment, feeding ATMs, transferring money, counting money, maintenance and operation, fuel, oils, labor, rental of means of transport and work places and depreciation of the transportation fleet, insurance, and all other direct expenses. Other operating expenses are considered general and administrative expenses.

Expenses

Expenses are recognized when incurred on accrual basis of accounting. Expenses are classified as follows:
(a) Selling and marketing: These are arising from the Company's efforts underlying the selling and marketing functions.
(b) General and administrative expenses: All other expenses other than finance costs are classified as general and administrative expenses.

Allocations between cost of revenue, selling and marketing expenses and general and administrative expenses, when required, are made on consistent basis.

Finance income and finance cost

Finance income includes interest income which is recognized as it accrues in consolidated statement of profit or loss, using the effective interest method. Dividend income is recognized in consolidated statement of profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise financial charges on term loans that are recognized in consolidated statement of profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in consolidated statement of profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis within finance cost.

Foreign currencies
Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated financial statements date. All differences are recognised in consolidated statement of income.

Segment information
A segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed by the Group's Chief Operating Decision maker to make decision about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3. New standard issues, standard issued but not yet effective

New IFRS Standards, Issued and Adopted

Amendments to IFRS that were assessed by the Group on 1 January 2022 and had no material impact are as follows:

Amendments and interpretations
Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract.
Amendments to IFRS 3: Reference to Conceptual Framework.
Amendments to IAS 16: Property, Plant, and Equipment: Proceeds before Intended Use.
Amendments to IFRS 1: First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter.
Amendments to IFRS 9: Financial Instruments – Fees in the "10%" test for derecognition of financial liabilities.

Other Amendments of Relevant IFRS'S Issued But Not Yet Effective

The standards and amendments that are issued, but not yet effective, as of 31 December 2022 are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The management is still assessing the impact on the Group at their effective dates.

Amendments and interpretations
IFRS 17: Insurance Contracts.
Amendments to IAS 1: Classification of Liabilities as Current and Non-current.
Amendments to IAS 8: Definition of Accounting Estimates.
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies.
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

4. SIGNIFICANT ASSUMPTIONS AND ESTIMATES

In preparing these consolidated financial statements, management has made estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Core estimates and assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group used its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on Discounted Cash Flow model ("DCF"). The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

4. SIGNIFICANT ASSUMPTIONS AND ESTIMATES (continued)

Expected credit losses for trade receivables

The Group has applied the standard's simplified approach of impairment in accordance with IFRS 9 and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Employees' defined benefit obligations

The Employees' defined benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions, and its long-term nature, a DBO is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Useful lives and residual values of property and equipment

The management reviews useful lives and residual values of property and equipment annually. Any change in the estimated useful life or depreciation pattern will be accounted for prospectively. There was no change in useful lives of property and equipment during the year.

Going concern

The financial statements have been prepared under the going concern basis. The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

(All amounts in Saudi Riyals unless otherwise stated)

5. PROPERTY AND EQUIPMENT

31 December 2022	***Lands (Note 5-2)***	***Buildings, decoration***	***Trucks, trailers cooling unit and cars***	***Workshop's equipment and containers***	***Machinery, security equipment's***	***Furniture and office devices***	***Total***
Cost							
At the beginning of the year	45,520,315	20,219,456	273,169,821	8,001,140	19,413,085	17,124,443	**383,448,260**
Additions	-	3,976,643	19,092,845	340,756	2,378,031	1,173,240	**26,961,515**
Transferred from investment properties	9,797	9,527	-	-	-	-	**19,324**
Disposals (note 5.1 below)	(4,309,440)	(1,619,784)	(30,588,340)	-	(224,473)	(371,152)	**(37,113,189)**
At 31 December 2022	41,220,672	22,585,842	261,674,326	8,341,896	21,566,643	17,926,531	**373,315,910**
Accumulated depreciation							
At the beginning of the year	-	8,701,805	175,179,188	5,157,386	13,194,884	8,893,163	**211,126,426**
Charged on the year	-	2,573,622	18,755,247	356,872	3,015,516	1,540,383	**26,241,640**
Disposals	-	(825,147)	(23,907,419)	-	(62,800)	(292,534)	**(25,087,900)**
At 31 December 2022	-	10,450,280	170,027,016	5,514,258	16,147,600	10,141,012	**212,280,166**
Net book value							
As at 31 December 2022	**41,220,672**	**12,135,562**	**91,647,310**	**2,827,638**	**5,419,043**	**7,785,519**	**161,035,744**

5.1 In 2022, the Group sold property and equipment with a total net carrying amount of SR 12,025,289 (2021: SR 3,746,434) for a cash consideration of SR 10,854,127 (2021: SR 4,354,030). The net gain or loss on these disposals were recognised as part of other operating income in the consolidated statement of profit or loss.

5.2 Land with a cost of SR 22 million is mortgaged as a security to against a bank borrowing of short term loan SR 20 million under tawarruq system to finance working capital. The facility is not utilized as of 31 December 2022 (note 13).

(All amounts in Saudi Riyals unless otherwise stated)

5. PROPERTY AND EQUIPMENT (continued)

31 December 2021	***Lands (Note 5-1)***	***Buildings, decoration***	***Trucks, trailers cooling unit and cars***	***Workshop's equipment and containers***	***Machinery, security equipment's***	***Furniture and office devices***	**Total**
Cost							
1 January	46,915,531	20,538,094	278,886,561	7,902,640	18,034,381	17,070,477	389,347,684
Additions	-	29,500	1,673,460	98,500	1,628,218	794,672	4,224,350
Transferred assets acquisition	-	52,268	21,444	-	11,002	63,772	148,486
Transferred from investment properties	1,214,784	1,239,715	-	-	-	-	2,454,499
Disposals	(2,610,000)	(1,640,121)	(7,411,644)	-	(260,516)	(804,478)	(12,726,759)
31 December	45,520,315	20,219,456	273,169,821	8,001,140	19,413,085	17,124,443	383,448,260
Accumulated depreciation							
1 January	-	9,049,807	161,044,948	4,650,494	11,093,443	5,951,807	191,790,499
Charged on the year	-	1,257,958	20,730,043	506,897	2,361,957	3,459,397	28,316,252
Disposals	-	(1,605,960)	(6,595,803)	(5)	(260,516)	(518,041)	(8,980,325)
31 December	-	8,701,805	175,179,188	5,157,386	13,194,884	8,893,163	211,126,426
Net book value							
As at 31 December 2021	45,520,315	11,517,651	97,990,633	2,843,754	6,218,201	8,231,280	172,321,834

The depreciation charge has been allocated in the consolidated statement of income for the years ended 31 December as follows:

	Note	***2022***	*2021*
Cost of revenue	23	**24,450,865**	25,866,987
General and administrative expenses	25	**1,790,775**	2,449,265
		26,241,640	28,316,252

(All amounts in Saudi Riyals unless otherwise stated)

6. RIGHT OF USE ASSETS

The Group has lease contracts for buildings and trucks used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Company also has certain leases with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

Below is the movement of the right-of-use assets under the application of IFRS 16, Leases:

	Buildings	*Trucks*	*Total*
Balance as at 1 January 2021	**7,952,797**	**-**	**7,952,797**
Additions	**5,795,377**	**-**	**5,795,377**
Deprecation	**(3,317,315)**	**-**	**(3,317,315)**
Balance as at 31 December 2021	**10,430,859**	**-**	**10,430,859**
Additions	**9,972,146**	**32,900,191**	**42,872,337**
Deprecation	**(4,398,430)**	**(4,935,435)**	**(9,333,865)**
Disposal	**(1,616,527)**	**-**	**(1,616,527)**
31 December 2022	**14,388,048**	**27,964,756**	**42,352,804**

The depreciation charge for the year, as reported in the consolidated statement of comprehensive income is allocated as follows:

	2022	*2021*
Cost of revenue (note 23)	**7,786,155**	1,846,788
General and administrative expenses (note 25)	**1,547,710**	1,470,527
	9,333,865	3,317,315

7 INVESTMENT PROPERTIES

31 December 2022	***Lots of land not developed***	***Lots of land under development***	***Investment buildings***	***Total***
1 January	**23,701,638**	**-**	**16,225,479**	**39,927,117**
Additions	**-**	**155,393,969**	**1,254,019**	**156,647,988**
Transferred to property and equipment	**-**	**-**	**(19,324)**	**(19,324)**
31 December	**23,701,638**	**155,393,969**	**17,460,174**	**196,555,781**
Accumulated depreciation				
1 January	**-**	**-**	**(1,609,364)**	**(1,609,364)**
Charged during the year	**-**	**-**	**(484,732)**	**(484,732)**
31 December	**-**	**-**	**(2,094,096)**	**(2,094,096)**
Net book value	**23,701,638**	**155,393,969**	**15,366,078**	**194,461,685**

31 December 2021	*Lots of land not developed*	*Lots of land under development*	*Investment buildings*	*Total*
1 January	23,701,638	-	18,673,078	42,374,716
Additions	-	-	6,900	6,900
Transferred to property and equipment	-	-	(2,454,499)	(2,454,499)
31 December	23,701,638	-	16,225,479	39,927,117
Accumulated depreciation				
1 January	-	-	(1,138,526)	(1,138,526)
Charged during the year	-	-	(470,838)	(470,838)
31 December	-	-	(1,609,364)	(1,609,364)
Net book value	23,701,638	-	14,616,115	38,317,753

(All amounts in Saudi Riyals unless otherwise stated)

7. INVESTMENT PROPERTIES (continued)

Investment properties were evaluated by a qualified and independent evaluator as shown below. The real estate evaluation mechanism applied in evaluating investment properties is in line with the International Valuation Standards Board and with the directives of the Saudi Authority for Accredited Valuers "Taqeem".

Description of investment properties	***Location***	***Net book value***	***Fair value***	***Note***
Lands, buildings, and fixtures	Riyadh	34,675,772	36,326,000	7.1
Lands	Jeddah	22,264,761	22,840,453	
Lands	Almadinah	140,853,376	178,300,000	7.2
Lands	Abha	4,300,000	5,400,000	
Lands	Buridah	9,243,093	9,385,294	
Lands	Jazan	997,500	1,026,400	
Participation in land	Jeddah	2,000,000	-	7.3

7.1 Land and building with cost of SR 34,675,772 million are mortgaged as security against a long term bank borrowing of SR 34 million (note 13).

As at 31 December 2022, part of the land and building with net carrying of SR 19.9 million are used as the Group's head office and accordingly classified as property and equipment.

7.2 Comprises of land under development for a residential project in Al Madinah in Saudi Arabia. As of the 31 December 2022, the Group has commenced the infrastructure development activities of the property. This property is held for capital appreciation and will not be occupied substantially for use in the operations of the Group or for sale in the ordinary course of business.
The cost of the land is the cash price equivalent at the recognition date, in addition to the amounts paid to contractors for development, planning, designing, site preparation, borrowing cost, and other related costs. During 2022, the capitalized borrowing cost is amounted of SR 3.5 million (2021: nil) (note 26). The project is expected to be completed in 2025.

7.3 Represent participation in a land with another party located in North-East Jeddah. The land is currently held for sale.

(All amounts in Saudi Riyals unless otherwise stated)

8. INTANGIBLE ASSETS

	Note	***2022***	*2021*
Smart parking concession rights (IFRIC 12)	8.1	**552,266,644**	388,776,509
Goodwill	8.2	**78,245,709**	79,770,427
Other	8.2	**3,961,330**	5,076,402
		634,473,683	473,623,338

8.1 Smart parking concession rights (IFRIC 12)

31 December 2022	***Equipment and supplies***	***Service concession arrangements***	***Total***
Cost			
1 January	**49,103,014**	**351,305,860**	**400,408,874**
Additions	**11,458,844**	**210,937,284**	**222,396,128**
Adjustment (note 8.1.1)	**-**	**(44,564,402)**	**(44,564,402)**
Disposals	**(135,384)**	**-**	**(135,384)**
31 December	**60,426,474**	**517,678,742**	**578,105,216**
Amortization			
1January	**1,874,768**	**9,757,597**	**11,632,365**
Charged	**3,032,601**	**12,832,682**	**15,865,283**
Adjustment	**-**	**(1,642,663)**	**(1,642,663)**
Disposals	**(16,413)**	**-**	**(16,413)**
31 December	**4,890,956**	**20,947,616**	**25,838,572**
Net book value			
31 December	**55,535,518**	**496,731,126**	**552,266,644**

31 December 2021	*Equipment and supplies*	*Service concession arrangements*	*Total*
Cost			
1 January	21,273,241	206,371,578	227,644,819
Additions	27,829,773	144,934,282	172,764,055
31 December	49,103,014	351,305,860	400,408,874
Amortization			
1 January	161,653	1,364,763	1,526,416
Charged	1,713,115	8,392,834	10,105,949
31 December	1,874,768	9,757,597	11,632,365
Net book value			
31 December	47,228,246	341,548,263	388,776,509

• The amortization expense has been charged to the cost of revenue (note 23).

(All amounts in Saudi Riyals unless otherwise stated)

8. INTANGIBLE ASSETS (continued)

8.1.1 During the fiscal year 2019, one of the subsidiaries entered into an agreement with the Ministry of Municipal and Rural Affairs (the " Municipality") for the construction, development and operation of parking lots in the city of Dammam, Khobar and Dhahran for an annual amount to be paid in advance at the beginning of each year. The Group sent a correspondence to the Municipality regarding that the annual rent includes value-added tax in accordance with the regulations issued by Zakat, Tax and Customs Authority (ZATCA) which concluded that the amount of rent mentioned in the agreement did not stipulate that it includes value-added tax and therefore it is considered inclusive of value-added tax, and adjusted accordingly.

8.2 Other intangible assets

31 December 2022	*Goodwill*	*Trademark*	*Revenues from continuing contracts*	*Current customer's database*	*Technology and systems*	*Total*
Cost						
1 January	**81,270,427**	**2,726,000**	**5,893,000**	**2,053,000**	**14,200,330**	**106,142,757**
Additions	**-**	**-**	**-**	**-**	**403,900**	**403,900**
Disposals	**(1,524,718)**	**-**	**-**	**-**	**(2,750)**	**(1,527,468)**
At 31 December	**79,745,709**	**2,726,000**	**5,893,000**	**2,053,000**	**14,601,480**	**105,019,189**
Amortization/Impairment						
1 January	**1,500,000**	**908,667**	**5,893,000**	**1,710,833**	**11,283,428**	**21,295,928**
Amortization	**-**	**136,300**	**-**	**256,625**	**1,124,122**	**1,517,047**
Disposals	**-**	**-**	**-**	**-**	**(825)**	**(825)**
At 31 December	**1,500,000**	**1,044,967**	**5,893,000**	**1,967,458**	**12,406,725**	**22,812,150**
Net book value						
31 December	**78,245,709**	**1,681,033**	**-**	**85,542**	**2,194,755**	**82,207,039**

31 December 2021	**Goodwill**	**Trademark**	**Revenues from continuing contracts**	**Current customer's database**	**Technology and systems**	**Total**
Cost						
1 January	79,745,709	2,726,000	5,893,000	2,053,000	14,172,026	104,589,735
Addition of transferred assets (Acquisition)	-	-	-	-	3,304	3,304
Additions	1,524,718	-	-	-	25,000	1,549,718
31 December	81,270,427	2,726,000	5,893,000	2,053,000	14,200,330	106,142,757
Impairment / amortization						
1 January	1,500,000	772,367	5,893,000	1,454,208	10,381,051	20,000,626
Amortization	-	136,300	-	256,625	902,377	1,295,302
31 December	1,500,000	908,667	5,893,000	1,710,833	11,283,428	21,295,928
Net book value						
31 December	79,770,427	1,817,333	-	342,167	2,916,902	84,846,829

(All amounts in Saudi Riyals unless otherwise stated)

8. INTANGIBLE ASSETS (continued)

8.2 Other intangible assets (continued)

Impairment on goodwill
International Accounting Standard (36) “Impairment of Assets” requires that the impairment test for goodwill to be performed on an annual basis regardless of whether there is any indication of impairment of goodwill or not.
The Group annually conducts an impairment assessment in the value of goodwill. As of 31 December 2022, the goodwill resulted from the acquisition of Arab Company for Security and Safety Services (AMNCO) was amounted to SR 70 million and for AMNCO Facilities Management Company Ltd. (AMNCO Facility) was amounted to SR 8.2 million net of SR 1.5 million as an impairment in the value of goodwill.
The group considered the two aforementioned companies as cash generating units in their own right, and all goodwill was allocated to the cash generating units in accordance with the International Accounting Standard (36).

The recoverable amount is determined on the basis of the information used in the projected business plans for the five-year period following the date of the consolidated financial statements and the cash flows related thereto, and impairment is tested on the basis of the value of the future cash flows for a period of five years based on reasonable and objective assumptions to estimate the cash flow according to the latest approved budgets. of management.

During the year 2022 and 2021, there were no impairment losses in the book value of the goodwill as at the end of the financial report.

Carrying amount of goodwill is allocated to each of the CGUs:

	AMNCO Facility		**AMNCO**	
	2022	*2021*	***2022***	*2021*
Goodwill	**8,178,489**	8,178,489	**70,067,220**	70,067,220
Trademark	**-**	-	**1,681,033**	1,817,333
Current customer’s database	**-**	-	**85,542**	342,167

The Group performed its annual impairment test in 2022 and 2021. The recoverable amount of goodwill is determined based on value-in-use calculations. These calculations use cash flow projections which are based on financial budgets approved by management covering five years period as well as the factors used in computing terminal value. The following are the key assumptions used in estimating the recoverable amount

	2022	*2021*
Discount rate	**13.95%**	10.18%
Terminal growth rate	**2.0%**	2.0%

9. FINANCIAL INVESTMENTS AT FVTPL

9.1 Long term financial investments

Cost	***Business activity***	***Ownership %***	***2022***	*2021*
Shares in “Truck-in” Company	Transportation	11.40%	**1,742,704**	1,742,704
United Company for Dairy Farms	Dairy products	4.13%	**300,000**	300,000
			2,042,704	2,042,704

The companies are currently in development stage as of the date of the issuance of these consolidated financial statements. The management believes that the carrying value of the investments approximate to the fair value at 31 December 2022 and 2021.

(All amounts in Saudi Riyals unless otherwise stated)

9. Financial investments at FVTPL (continued)

9-2 Short-term financial investments at FVTPL

Portfolio Management investments are managed by Alistithmar Capital under Discretionary Portfolio Management (DPM) agreement between the Group and Alistithmar Capital and Investment in Barak GCC fund limited. The investment is classified (short-term investment) at fair value through profit and loss as the Group held it for sale in short term period, the unrealized gain or loss of the portfolio is recorded in the statement of comprehensive income.

	Note	***2022***	*2021*
Portfolio Management investments	**9.2.1**	**77,433,635**	10,930,023
Barak GCC fund limited	**9.2.2**	**3,757,500**	-
		81,191,135	10,930,023

9.2.1 Movement for the year was as follows:

	2022	*2021*
At 1 January	**10,930,023**	-
Addition during the year	**80,000,000**	10,000,000
Disposals during the year	**(15,049,597)**	-
Unrealized gains	**1,553,209**	930,023
At 31 December	**77,433,635**	10,930,023

9.2.2 The movement for the year were as follows:

	2022	*2021*
1 January	**-**	-
Addition during the year (note 9.2.3)	**3,757,500**	-
31 December	**3,757,500**	-

9.2.3 During the year the Group invested in 33.33% of Barak GCC fund limited based in Cayman Island with an amount of USD 1 million.

10. INVENTORY

	2022	*2021*
Electronic locks for automated teller machines	**2,805,114**	3,012,079
Money transfer machine, supplies and equipment	**2,595,889**	2,088,979
Fleet maintenance parts and supplies	**2,024,118**	878,514
Workers' uniforms	**1,282,315**	1,693,732
Other	**109,826**	61,212
	8,817,262	7,734,516

(All amounts in Saudi Riyals unless otherwise stated)

11. TRADE RECEIVABLES, PREPAYENTS, AND OTHER RECEIVABLES

	2022	*2021*
Trade receivables, net (note 11.1)	**120,738,346**	152,674,126
Prepayments and other receivables (note 11.2)	**50,109,955**	66,637,316
	170,848,301	219,311,442

11.1 Trade receivables

	2022	*2021*
Trade receivables	**135,211,332**	164,003,989
Expected credit loss allowance on trade receivables (note 11.1.1)	**(14,472,986)**	(11,329,863)
Trade receivables, net	**120,738,346**	152,674,126

- Trade receivables are non-interest bearing and are generally due within 30-90 working days.
- Included in the trade receivable a balance of SR 3.9 million has been outstanding for more than 360 days. The Group has a guarantee of residential building with a fair value of SR 1.8 million.

11.1.1 The movement for expected credit losses provision of trade receivables was as follows:

	2022	*2021*
1 January	**11,329,863**	21,634,486
Charged /(reversed) during the year	**7,010,000**	(4,306,180)
Written off during the year	**(2,423,460)**	(5,998,443)
Transfer to other receivable provision (note 11-2-2)	**(1,443,417)**	-
31 December	**14,472,986**	11,329,863

Below is an analysis of the aging of receivables and credit risks.

2022	***Total***	***Current***	***0-90 Days***	***91-180 Days***	***181-270 Days***	***360-271 Days***	***More than 360 Days***
Book value	**135,211,332**	**57,020,144**	**32,773,704**	**4,189,383**	**4,152,449**	**6,793,032**	**30,282,620**
Expected credit losses	**14,472,986**	**1,235,006**	**710,046**	**162,668**	**132,906**	**673,227**	**11,559,133**
Expected credit loss rate	**11%**	**2%**	**2%**	**4%**	**3%**	**10%**	**38%**

2021	*Total*	*Current*	*0-90 Days*	*91-180 Days*	*181-270 Days*	*360-271 Days*	*More than 360 Days*
Book value	164,003,989	41,867,763	44,315,092	41,389,104	4,273,137	10,026,111	22,132,782
Expected credit losses	11,329,863	276,924	391,947	832,613	515,242	1,766,809	7,546,328
Expected credit loss rate	7%	1%	1%	2%	12%	18%	34%

(All amounts in Saudi Riyals unless otherwise stated)

11. TRADE RECEIVABLES, PREPAYENTS, AND OTHER RECEIVABLES (continued)

11.2 PREPAYENTS, AND OTHER RECEIVABLES

	Note	***2022***	*2021*
Custody Receivable	11.2.1	**13,088,386**	35,844,555
Less: Provision for custody receivables	11.2.2	**(6,821,738)**	(29,128,692)
Custody receivables, net		**6,266,648**	6,715,863
Retention		**-**	1,146,892
Prepaid expenses		**23,361,334**	42,564,286
Receivable from selling a subsidiary	1.4	**5,505,446**	-
Advance payment to suppliers		**5,407,926**	1,035,611
Letters of guarantees insurance		**4,748,694**	5,287,514
VAT receivable		**427,746**	2,504,842
Other		**4,392,161**	7,382,308
		50,109,955	66,637,316

11.2.1 The majority of custody receivables are receivables for more than one year. Management provides provisions according to the ageing of these balances. The balance includes around SR 5,746,730 represents court decisions issued in the favour of the Group, the management and the legal advisor are confident that these amounts will be collected in near future, therefore, no provision has been made against these balances.

11.2.2 The movement in the expected credit losses provision of other debit balances was as follows:

	2022	*2021*
1 January	**29,128,692**	26,820,542
Charged during the year	**8,650,000**	2,700,000
Write off during the year	**(32,400,371)**	(391,850)
Transfer from provision of trade receivables (note 11-1-1)	**1,443,417**	-
31 December	**6,821,738**	29,128,692

12. CASH AND CASH EQUIVALENTS

	2022	*2021*
Cash at banks	**35,205,573**	34,741,835
Cash on hand	**2,533,347**	2,529,998
Short term deposit (90 days) (note 12-1)	**20,000,000**	-
	57,738,920	37,271,833

12.1 Short term deposit earns interest at 5% per annum. Short-term deposit are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

(All amounts in Saudi Riyals unless otherwise stated)

13. BANK BORROWINGS

13.1 Short-term Loans

The limit of facility	*Effective Interest rate %*	*Maturity*	*2022*	*2021*
SR 10 million	*SIBOR + Fixed rate*	*24 March 2022*	-	570,165
SR 20 million (note 13.1.1)	*SIBOR + Fixed rate*	*3 April 2022*	-	6,000,000
SR 140 million	*SIBOR + Fixed rate*	*13 January 2022*	-	140,000,000
			-	146,570,165

The Group has obtained facility agreement under Tawarruq from local banks for financing the Group's working capital requirements. The loans are secured by mortgage, promissory notes and guarantee from the Parent company.

As of 31 December 2022, the Group has obtained total facilities amounting to SR 66.7 million (2021: SR 295 million) and utilized SR 14.8 million as letters of guarantees (2021: SR 146.6 million).

13.1.1 The facility is guaranteed by real estate mortgage of the Group's land in Al-Kharj road, Riyadh.

13.2 Long-term Loans

The Group has obtained facilities from local banks in the form of short-term loans, long term project financing, letters of credit and letters of guarantee. The following table summarizes details and outstanding balances of the Groups facilities:

Bank	*Entity*	*Currency*	*Maturity*	*2022*	*2021*
Local bank (note 13.2.1)	Batic	SR	30 June 2024	**17,000,000**	23,800,000
Local bank	Smart cities	SR	7 years	**55,306,060**	67,795,717
Local bank	Mubarrad	SR	11 November 2025	**7,740,422**	10,781,604
Local bank	Mubarrad	SR	17 March 2025	**11,959,318**	16,308,161
Local bank (note 13.2.2)	Batic Real Estate	SR	9 May 2025	**100,000,000**	-
Total				**192,005,800**	118,685,482
Less: Current portion of long-term loans				**(28,016,540)**	(27,749,168)
Long-term loans				**163,989,260**	90,936,314

13.2.1 The loan is secured by a real estate mortgage with a net book value of SR 34.7 million (2021: SR 32.5 million), a promissory note amounting to SR 34 million signed by AMNCO, and a legal assignment of rental proceeds from AMNCO, and an insurance policy in which the bank is the first beneficiary.

13.2.2 The credit facility agreement is guaranteed by promissory note, and a real estate mortgage with a net book value of SR 140.8 million (2021: nil).

13.2.3 These loans carry charges ranging from 3% to 8% (2021: 2% to 3.5%).

As of 31 December 2022, the Group has obtained total facilities amounting to SR 337.5 million (2021: SR 147.5 million) and utilized SR 238.8 million (2021: SR 137.5 million).

(All amounts in Saudi Riyals unless otherwise stated)

13. Bank Borrowings (continued)

B) Long-term Loans (continued)

The movement of the loans during the year was as follows:

	2022	*2021*
1 January	**265,255,647**	150,039,097
Drawdown during the year	**101,336,857**	179,885,983
Repayment during the year	**(174,586,704)**	(64,669,433)
31 December	**192,005,800**	265,255,647
Total non-current	**163,989,260**	90,936,314
Total current	**28,016,540**	174,319,333

The loan maturity schedule is as follows:

	2022	*2021*
For one year	**28,016,540**	**174,319,333**
From one year to two years	**31,416,541**	**37,949,168**
From two years to 5 years	**132,572,719**	**52,987,146**
Total	**192,005,800**	**265,255,647**

14. EMPLOYEES' DEFINED BENEFIT LIABILITIES

	2022	*2021*
At 1 January	**37,371,043**	35,984,568
Current service cost and interest cost (recognized in profit and loss)	**11,479,406**	11,811,594
(Disposal) / acquisition of a subsidiary	**(178,938)**	88,360
Actuarial losses (recognized in OCI)	**3,675,710**	1,135,872
Paid during the year	**(15,808,149)**	(11,649,351)
At 31 December	**36,539,072**	37,371,043

The most recent actuarial valuation was performed by an independent, qualified actuary "Al-Khwarizzmi Actuarial service Company" using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	2022	*2021*
Average discount rate	**3.66%**	2.38%
Average duration of the liability (in years)	**6**	6
Rate of salary increases	**4.13%**	2.50%

All movements in the employees' defined benefit liabilities are recognized in statement of profit or loss except for the actuarial loss, which is recognized as other comprehensive income.

(All amounts in Saudi Riyals unless otherwise stated)

14. EMPLOYEES' DEFINED BENEFIT LIABILITIES (continued)

Movements in actuarial loss reserve recognised in OCI are as follows:

	2022	*2021*
At the beginning of the year	**4,204,758**	3,152,209
Actuarial loss on the obligation	**3,484,395**	1,052,549
At the end of the year	**7,689,153**	4,204,758

Sensitivity analysis

The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. A positive amount represents an increase in the liability whilst a negative amount represents a decrease in the liability.

	2022	*2021*
Increase in discount rate of 0.5%	**(35,725,488)**	(35,418,559)
Decrease in discount rate of 0.5%	**37,465,187**	37,502,270
Increase in rate of salary increase of 0.5%	**37,460,829**	37,496,874
Decrease in rate of salary increase of 0.5%	**(35,721,523)**	(35,413,734)

The following are the expected payments or contributions to the employees in future years:

	2022	*2021*
Within the next 12 months (next annual reporting period)	**7,008,949**	5,571,705
Between 2 and 5 years	**29,793,716**	25,864,423
Beyond 5 years	**31,890,405**	27,178,648
	68,693,070	58,614,776

15. NOTES PAYABLE

	2022	*2021*
Current portion (note 18)	**3,561,300**	4,748,400
Non-current portion	**-**	3,561,300
	3,561,300	8,309,700

The above represents notes payable for purchase of 60 trucks on 36 installments, the final installment is due on 30 September 2023, with interest cost of SR 66,774 (2021: SR 342,775).

16. AMOUNTS DUE TO SHAREHOLDERS'

	2022	*2021*
Accrual of certificate holders after capital increase	**16,982,697**	-
Dividends payable	**15,622,264**	15,653,265
Fractional capital reduction	**1,883,412**	1,885,272
Creditor of surplus subscription	**1,293,050**	1,293,050
	35,781,423	18,831,587

(All amounts in Saudi Riyals unless otherwise stated)

17. LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

	2022	*2021*
1 January	**10,119,774**	7,985,690
Additions during the year	**42,682,694**	5,795,377
Charged interest during the year (Note 26)	**1,107,994**	237,947
Paid during the year	**(11,889,291)**	(3,899,240)
Disposal	**(453,680)**	-
31 December, divided to:	**41,569,491**	10,119,774
Long-term lease liabilities	**29,040,883**	6,078,770
Short-term lease liabilities	**12,528,608**	4,041,004

The following are the amounts recognised in consolidated statement of profit or loss:

	2022	*2021*
Depreciation expense of right-of-use assets	**9,333,865**	3,317,315
Interest expense on lease liabilities (note 25)	**1,107,994**	237,947
Total amount recognised in consolidated statement of profit or loss	**10,441,859**	3,555,262

The following are the actions for accruing obligations under lease contracts

	2022	*2021*
One year	**12,528,608**	4,041,004
From two to five years	**29,040,883**	6,078,770

The Group decided not to recognize the short term and low value leases as a right of uses assets. Therefore, lease payments associated with these contracts were recognized as expense during the year in the consolidated statement of profit or loss of SR 8,526,029 (2021: SR 3,438,317)

Group as a lessor
The Group has entered into operating leases. These leases are short term leases. Rental income recognized by the Group during the year is SR 1,733,080 (2021: SR 1,632,663).

(All amounts in Saudi Riyals unless otherwise stated)

18. TRADE PAYABLES AND ACCRUELS AND OTHER PAYABLES

	Note	***2022***	*2021*
Trade payables		**20,138,668**	18,004,812
Accrued expenses		**29,111,568**	28,865,865
Employees related cost		**17,393,896**	3,578,863
VAT payable		**5,100,937**	4,531,459
Notes payable – Current portion	15	**3,561,300**	4,748,400
Due to a related party	20	**180,000**	180,000
Other		**2,647,144**	5,363,067
		78,133,513	65,272,466

19. ZAKAT PROVISION

19.1 Movement of Zakat was as follows:

	2022	*2021*
1 January	**6,890,949**	6,306,108
Charge for the year	**4,782,397**	6,426,404
Paid during the year	**(6,579,555)**	(5,841,563)
31 December	**5,093,791**	6,890,949

19.2 Status of assessment

The Company and its subsidiaries submitted separate zakat declarations to Zakat, Tax and Customs Authority (ZATCA) for all the year till end of the year ended on 31 December 2021 and obtained the final zakat certificate and obtained a final certificate valid until 30 April 2023.

Staring from 2020, the Company and two subsidiaries (Saudi Transport and Investment Company “Mubarrad” and the Batic Real Estate Company) submitted a consolidated Zakat declaration.

Batic Investments and Logistics
The Company received the final Zakat assessments that have been agreed with ZATCA for the years from 2008 to 2014 and for the year 2018 up to 2020.

On 21 October 2020, the Company received Zakat assessments for the years ended 31 December 2015, 2016 and 2017, with additional amount of SR 2,520,796. The Company paid SR 105,573 and submitted an objection for the remaining claim. On 20 December 2020, ZATCA rejected the objection. On 11 February 2021, the objection was escalated to the General Secretariat of Zakat, tax, and customs Committees (GSZTC). GSZTC rejected the Company's objection to the Zakat assessments. As a result, the Company appealed against the decision that has not been issued to date.

Arab Security & Safety Services Company (AMNCO)
The Company received the final Zakat assessments that have been agreed with ZATCA for the years up to 2016. Zakat assessments for the years 2017 to 2021 have not yet been raised by ZATCA.

Saudi Transport and Investment Company (Mubarrad)
The Company received the final Zakat assessments that have been agreed with ZATCA for the years up to 2018 and for the year 2020. Zakat assessments for the years 2019 and 2021 has not yet been raised by ZATCA.

Batic Real Estate
The Company received the final Zakat assessments that have been agreed with ZATCA for the year 2020 only.

AMNCO Facility Management Co. Ltd.
The Company received the final Zakat assessments that have been agreed with ZATCA for the years up to 2021.

(All amounts in Saudi Riyals unless otherwise stated)

20. RELATED PARTIES TRANSACTION AND BALANCES

Related parties represent associated companies, Partners, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with related parties included in the consolidated statement of comprehensive income are as follows:

2022	***Sales***	***Purchases***	***Expenses***
Family Investment Company	**151,250**	**-**	**-**
Jazan Energy & Development Co Jazadco	**131,890**	**-**	**-**

2021	*Sales*	*Purchases*	*Expenses*
Family Investment Company	151,250	-	-
Jazan Energy & Development Co Jazadco	131,890	-	-

Balances with related parties included in the statement of financial position are as follows:

a) Amounts due from related parties

The breakdown of amounts due from related parties under common control of the Parent Company is as follows:

	2022	*2021*
Jasara Holding Company	**1,036,215**	1,036,215
Other	**400,044**	48,288
	1,436,259	1,084,503

The above balances are unsecured, interest free and have no fixed repayment. The management estimate the allowance on due from related party balance at the reporting date at an amount equal to lifetime ECL. No receivable balance from related parties at the reporting date are past due, taking into account the historical default experience and the future prospects of the industries in which the related parties operate, the management considers that related party balances are not impaired. There has been no change in estimation techniques or significant assumptions made during the current reporting period in assessing the allowances for balances due from related parties.

b) Amounts due to related parties

The breakdown of amounts due to related parties under common control of the Parent Company is as follows:

	2022	*2021*
Adnan Almershid (Partner of a subsidiary) (note 18)	**180,000**	180,000

(All amounts in Saudi Riyals unless otherwise stated)

20. RELATED PARTIES TRANSACTION AND BALANCES (continue)

c) Key management compensation

Key management personnel of the Group comprise of key members of the management having authority and responsibility for planning, directing and controlling the activities of the Group. The compensation to key management is shown below:

	2022	***2021***
Short-term salaries and other benefits	**8,765,190**	6,979,769
End of service benefits	**254,316**	412,631

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

The following amounts were payable in relation to end of service indemnities and annual leave provision to the key management:

	2022	***2021***
End of service indemnities and annual leave	**2,059,467**	1,836,628

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Outstanding balances at year-end arise in the normal course of business. For the year ended 31 December 2022 and 2021, the amounts owed by related parties are not impaired.

21. OBLIGATION UNDER THE SERVICE CONCESSION AGREEMENT (IFRIC 12)

The current and non-current portion of the obligation under the Service Concession Agreement is as follows:

	2022	*2021*
1 January	**329,746,251**	201,007,732
Addition during the year	**193,694,396**	139,890,174
Adjustment	**(44,564,402)**	-
Finance cost	**8,296,894**	6,373,129
Paid	**-**	(17,524,784)
31 December	**487,173,139**	329,746,251
Less: Current	**(23,521,813)**	(12,232,440)
Non-Current	**463,651,326**	317,513,811

Below are the maturities of obligation under service concession arrangement:

	2022	*2021*
One year	**23,521,813**	12,232,440
From one to five years	**113,119,785**	104,405,602
More than Five years	**350,531,541**	213,108,209
	487,173,139	329,746,251

(All amounts in Saudi Riyals unless otherwise stated)

22. REVENUE

22.1 Revenue classification

Segment	***Geographical area***	***2022***	*2021*
Security guard	Local	**109,576,943**	158,811,263
ATM feeding	Local	**85,356,689**	130,222,308
Transport	Local	**90,746,381**	68,102,624
Transferring money, counting and sorting money and correspondence	Local	**45,037,775**	58,522,509
Facility management	Local	**36,591,415**	15,513,814
Investment property	Local	**1,642,330**	1,665,271
Smart parking	Local	**46,890,640**	15,244,930
Equipment and construction revenues (Note 22.3)	Local	**9,517,738**	25,871,252
Telecommunication and information technology	Local	**1,219,715**	-
Home medical services	Local	**915,491**	874,956
Total		**427,495,117**	474,828,927

22.2 Revenue recognition timing

	2022	*2021*
Point in time	**198,969,151**	218,502,260
Over the time	**219,008,228**	230,455,415
Equipment and construction revenues	**9,517,738**	25,871,252
Total	**427,495,117**	474,828,927

22.3 Equipment, construction revenues, processing and construction costs (IFRIC 12)

	2022	*2021*
Equipment and construction revenues	**9,517,738**	25,871,252
Equipment and construction costs	**(9,517,738)**	(25,871,252)

According to the interpretation of the International Financial Reporting Interpretations Committee No. 12 "Service Concession Agreements", the Group recorded construction revenue of SR 9.5 million (2021: SR 25.9 million) on the supply and construction of the smart parking project. The equipment and construction revenues represent the fair value of the project's supply and construction services whereas the fair value of the supply and construction services provided in the management's estimate approximates the cost of the equipment and construction.

(All amounts in Saudi Riyals unless otherwise stated)

23. COST OF REVENUE

	2022	*2021*
Salaries and wages and equivalents	**243,691,369**	289,989,834
Depreciation	**32,721,752**	28,184,613
Spare parts and maintenance	**16,005,140**	15,688,939
Fuel and oils	**21,170,368**	11,602,819
Amortization	**14,332,695**	10,227,948
Government fees	**11,999,345**	6,537,466
Equipment and construction cost	**9,517,738**	25,871,252
Rents	**8,312,330**	3,244,015
Medical insurance	**6,457,352**	7,248,893
Insurance	**6,049,851**	5,851,624
Consumables and equipment and supplies	**2,134,164**	14,368,123
Customer clearance	**1,437,617**	227,758
Other	**10,511,166**	7,375,194
	384,340,887	426,418,478

24. OTHER INCOME, NET

	2022	*2021*
Gain from sale of investment in a subsidiary	**2,960,176**	-
Gain from investment fund	**125,647**	-
Profit from a deposit (note 12)	**388,333**	-
(Loss) gain from sale of property and equipment	**(883,382)**	607,534
Other	**833,711**	(397,590)
	3,424,485	209,944

25. GENERAL AND ADMINISTRATIVE EXPENSES

	2022	*2021*
Salaries and wages and equivalents	**30,983,233**	35,396,044
Professional and consultations expenses	**5,016,408**	2,084,343
Depreciation	**3,338,485**	3,919,792
Amortization	**1,406,972**	1,173,303
Remuneration for Board of Directors and other allowance	**1,185,000**	1,301,000
Medical insurance	**1,035,964**	2,333,788
Government fees	**944,336**	1,551,646
Subscriptions	**626,230**	474,070
Rents	**213,699**	194,302
Other	**2,357,728**	2,929,048
	47,108,055	51,357,336

26. FINANCE COSTS

	2022	*2021*
Obligation under the service concession agreement	**8,301,079**	6,373,129
Finance expenses bank facilities	**6,822,973**	3,977,769
Interest expenses on leases liabilities	**1,107,994**	237,947
Less: capitalized borrowing costs (note 7)	**(3,549,228)**	-
	12,682,818	10,588,845

27. SEGMENT INFORMATION

The Group's management has defined the operational segments based on the reports reviewed by the Board of Directors on the basis of which strategic decisions are taken. For administrative purposes, the Group is organized into ten business units based on their services, and the following are the operating segments of the Group:

Transportation segment
The transport segment is represented in the transportation of goods and missions for a fee on the Kingdom's land roads, car and trailer rental services, rental of cold stores, fuel stations and maintenance workshops, and the purchase, sale and maintenance of equipment and machinery related to road transport.

Real estate segment
The real estate segment is represented in buying, Development and selling lands and constructing buildings on them and investing them by sale or rent for the Group’s entities and third parties, establishing and operating commercial and industrial projects.

Security guards’ segment
It includes providing security guards and shift services to banks and companies.

ATM feeding
It includes feeding and maintenance services for banks' ATMs.

Insurance money transfer, Counting and sorting of money and correspondence segment
It includes transportation and insurance services for the transfer of money and valuables money counting and sorting services and postal correspondence.

Facility management segment
It includes maintenance and operation of buildings, property management and marketing for others

Smart parking segment
It includes rent parking to others.

Medical equipment supply segment
It includes the supply of medical equipment to medical entities and institutions.

Home medical services and physiotherapy segment
It includes providing home medical services and physiotherapy for individuals and for others.

Communications and information technology sector
It includes the installation, maintenance and wholesale of electronic security devices, fire prevention and protection equipment and electronic alarm systems remotely or physically.

Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment. Segment performance is evaluated based on profit or loss from operations and is measured consistently with operating profit or loss in the consolidated financial statements.

(All amounts in Saudi Riyals unless otherwise stated)

27. SEGMENT INFORMATION (continued)

The table below represents the revenues and costs for each of the Group’s segments, as well as their assets and liabilities for the year ended 31 December 2022

	Investment property	***Transportation sector***	***Security guard sector***	***ATM feeding sector***	***Secured money transfer and correspondence sector***	***Facility Management Sector***	***Communications and information technology***	***Smart parking solutions***	***Supply of medical equipment***	***Home medical services***	***Other and settlements***	***Total***
Revenue	3,884,276	90,746,381	111,028,595	85,356,689	45,037,775	41,216,995	1,219,715	56,408,378	-	915,491	(8,319,178)	427,495,117
Cost of Revenue	(2,175,699)	(86,131,447)	(106,254,420)	(76,832,916)	(43,733,414)	(36,545,529)	(1,688,432)	(35,674,912)	(7,867)	(1,823,115)	6,526,864	(384,340,887)
Gross profit	**1,708,577**	**4,614,934**	**4,774,175**	**8,523,773**	**1,304,361**	**4,671,466**	**(468,717)**	**20,733,466**	**(7,867)**	**(907,624)**	**(1,792,314)**	**43,154,230**
Total assets	235,202,230	165,257,500	88,316,526	83,842,346	50,645,555	20,191,274	1,081,532	579,896,224	5,512,507	-	124,452,712	1,354,398,406
Total liabilities	158,685,873	74,280,584	38,157,400	23,021,639	18,186,133	17,605,629	2,969,134	601,310,981	5,420,547	-	(63,341,691)	876,296,229

The table below represents the revenues and costs for each of the Group’s Segments, as well as their assets and liabilities for the year ended December 31, 2021

	Investment property	*Transportation sector*	*Security guard sector*	*ATM feeding sector*	*Secured money transfer and correspondence sector*	*Facility Management sector*	*Smart parking solutions*	*Supply of medical equipment*	*Home medical services*	*Other and settlements*	*Total*
Revenue	3,936,244	68,102,624	159,058,630	130,222,308	58,522,509	22,806,613	41,116,182	-	874,956	(9,811,139)	474,828,927
Cost of Revenue	(1,552,037)	(66,235,355)	(144,226,817)	(112,160,217)	(48,671,054)	(19,300,833)	(40,832,827)	(116,682)	(1,014,341)	7,691,685	(426,418,478)
Gross profit	2,384,207	1,867,269	14,831,813	18,062,091	9,851,455	3,505,780	283,355	(116,682)	(139,385)	(2,119,454)	48,410,449
Total assets	38,310,853	146,346,238	71,867,336	71,448,200	44,536,647	18,037,273	434,528,697	2,812,447	521,487	144,659,627	973,068,805
Total liabilities	23,800,000	53,559,761	29,600,125	16,995,383	14,477,997	17,027,893	457,262,644	4,164,822	2,638,079	117,522,313	737,049,017

(All amounts in Saudi Riyals unless otherwise stated)

28. LOSS PER SHARE

Basic (loss) / profit per share versus loss or profit related to ordinary shares is computed by dividing the net loss or profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The (loss) earnings in diluted shares is similar to the basic (loss) / earnings per share as the company does not have any convertible shares.

	2022	*2021*
Net loss for the year	**(30,837,648)**	(9,649,264)
Weighted average number of common shares to calculate the basic loss per share	**58,932,000**	30,000,000
Loss or profit of basic and diluted earnings per share of net loss for the year	**(0.52)**	(0.32)

29. CONTINGENCIES AND CAPITAL COMMITMENTS

29.1 Contingent liability

As at December 31, 2022, the Group has contingent liabilities in the form of bank guarantees amounting to SR 29.7 million issued in the normal course of business (2021: SR 107.1 million).

29.2 Contingent asset

On 19 February 2023. the Group received a letter from Takaful AL Rajhi (insurance Company) with amount of SR 5.6 million that were provided during the year related to the asset embezzlement claim that covered under an insurance policy.

29.3 Commitments

The Group has capital commitments amounting to SR 26 million (2021: SR 14.4 million) relating to contracts of purchasing equipment and devices for establishing and operating the Group's projects.

30. STATUTORY RESERVE

In accordance with the Companies Law and the Company's by-laws, (10%) of the annual net profits is set aside to form the statutory reserve for the Company. It is permissible to discontinue this reserve when the aforementioned reserve reaches (30%) of the paid-up capital. The reserve is not available for distribution.

31. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

31.1 FINANCIAL ASSETS

	2022	*2021*
Financial assets at amortised cost:		
Trade and other receivables	**147,377,012**	176,747,156
Due from related parties	**1,436,168**	1,084,503
Short-term financial assets measured at FVPL	**81,191,135**	10,930,023
	230,004,315	188,761,682
Bank balances and cash	**57,738,920**	37,271,833
Total financial assets	**287,743,235**	226,033,515

31. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

31.2 FINANCIAL LIABILITIES

	Effective Interest rate	*Maturity*	*2022*	*2021*
Current liabilities				
Trade payables, accruals, and other payables	Interest free	Less than 1 year	**77,953,513**	65,092,466
Short term loans	Note 13	Less than 1 year	**-**	146,570,164
Lease liabilities	3 % - 8%	Less than 1 year	**12,528,608**	4,041,004
Due to related parties	Interest free	Less than 1 year	**180,000**	180,000
Amounts due to shareholders	Interest free	Less than 1 year	**35,781,423**	18,831,587
			126,443,544	234,715,221
Non-current liabilities				
Obligation under the service concession agreement	3 % - 8%		**463,651,326**	317,513,811
Bank borrowings - long-term	Note 13		**163,989,260**	90,936,314
Lease liabilities	3 % - 8%		**29,040,883**	6,078,770
Long-term notes payable	Note 15		**-**	3,561,300
			656,681,469	418,090,195

31.3 FAIR VALUES

Financial instruments comprise financial assets and financial liabilities.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group's financial assets consist of bank balances and cash, trade receivables, other current financial assets, and due from related parties. Its financial liabilities consist of lease liabilities, trade payables, short term loans, due to shareholders and due to related parties.

The above financial assets and liabilities, except for lease labilities, approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of lease liabilities is not significantly different to its carrying value as the lease liabilities are determined based on discount rates which gets re-priced at regular intervals.

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group is exposed through its activities to various financial risks, which are: market risk (which includes foreign exchange risk, price risk, interest rate risk for cash flows and fair value), credit risk and liquidity risk. Management assesses risks for each of these risks. The risk management program generally focuses on the unpredictability of financial market conditions and aims to limit the potential negative effects of these risks on the group's financial performance.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to two types of risk: interest rate risk, and foreign currency risk. Financial instruments affected by market risk include short term loans and payables denominated in foreign currency. There were no changes in these circumstances from the previous year.

Foreign exchange risk
The company does not face any significant exposure to foreign currency risk as the majority of its transactions are in Saudi Riyals.

Interest price risk
Financial instruments are exposed to the risk of changes in value as a result of changes in commission rates for their financial assets and liabilities with variable commission rates. Actual commission rates and periods during which financial assets and liabilities are re-priced or matured have been referred to in the related notes.

(All amounts in Saudi Riyals unless otherwise stated)

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's short-term loans have a short tenure and carry a floating rate of interest and is carried at amortized cost. Accordingly, management believes that the Company is not subject to any significant interest rate risk because it is a practice of the Company to settle all short-term debt obligations at the time of maturity which is generally one months.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before zakat is affected through the impact on floating rate borrowings, as follows:

	45 basis points increase	*45 basis points decrease*
2022	**1,193,650**	(1,193,650)
2021	**675,176**	(675,176)

Fair value risk

The fair value of financial instruments traded in active markets is based on the quoted market prices on the date of the consolidated statement of financial position. The market is considered an active market if the announced prices are available and regularly available from the money markets, agents, brokers, industrial unions, pricing services companies, or supervisory bodies, as those prices represent actual and regularly repeated transactions in the market concluded on a purely commercial basis. The quoted market prices used for the firm's financial assets are the current ask prices. These tools are included within the first level.

The fair value of financial instruments not traded in active markets is based on valuation techniques. These methods work to achieve the maximum benefit from available observable market data and rely on the lowest possible amount of estimates developed by the facility. If all the important data required to measure the fair value of instruments are observable data, then these instruments are included within the second level, and if one or more of the significant data is not based on observable market data, the instruments are included within the third level.

The following table presents an analysis of the financial instruments carried at fair value in terms of the valuation method.

The following are the different levels of evaluation:

Level 1: market prices (unadjusted) prevailing in active markets for identical assets or liabilities.

Level 2: the data other than the quoted prices included in the first level that are noticeable with regard to assets or liabilities, whether direct (which is prices) or indirect (which is derived from prices).

Level 3: Valuation techniques in which all the inputs used have a significant effect on the recorded fair value but are not based on observable market information (that is, unobservable inputs).

Investment at FVPL	***Level 1***	***Level 2***	***Level 3***	***Total***
As at 31 December 2022				
Shares at "Truck-in"	**-**	**-**	**1,742,704**	**1,742,704**
United Dairy Farm Co.	**-**	**-**	**300,000**	**300,000**
Investments at FVPL	**-**	**81,191,135**	**-**	**81,191,135**
	-	**81,191,135**	**2,042,704**	**83,233,839**

Investment at FVPL	*Level 1*	*Level 2*	*Level 3*	*Total*
As at 31 December 2021				
Shares at "Truck-in"	-	-	1,742,704	1,742,704
United Dairy Farm Co.	-	-	300,000	300,000
Investments at FVPL	-	10,930,023	-	10,930,023
	-	10,930,023	2,042,704	12,972,727

(All amounts in Saudi Riyals unless otherwise stated)

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables, other current financial assets and related parties' balances) and from its financing activities, including balances with banks.

Trade receivables
The average credit period granted is 90 days. No interest is charged on outstanding trade receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for grouping of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

Liquidity risk and going concern
It is the risk that the group will encounter difficulties in obtaining funds to meet the liabilities associated with financial instruments. Liquidity is managed by regularly checking that it is available in sufficient amounts to meet any future liabilities.

Liquidity risk management is carried out by maintaining sufficient cash and marketable securities, providing financing through an adequate amount of binding credit facilities, and the ability to liquidate market positions. Given the nature of the group's business, the group aims to maintain the flexibility of the financing process by providing committing credit channels.

The following table summarizes the maturities of the group's undiscounted financial liabilities based on undiscounted contractual payments as of 31 December:

	2022			
	Less than 1 year	***From 2 year to 5 years***	***More than 5 years***	***Total***
Trade payable and other creditor	**74,572,213**	**-**	**-**	**74,572,213**
Loans	**28,016,540**	**163,989,260**	**-**	**192,005,800**
Obligation under the service concession agreement	**23,521,813**	**113,119,785**	**350,531,541**	**487,173,139**
Amounts due to shareholders	**35,781,423**	**-**	**-**	**35,781,423**
Notes payable	**3,561,300**	**-**	**-**	**3,561,300**
Lease Liabilities	**12,528,608**	**29,040,883**	**-**	**41,569,491**

	2021			
	Less than 1 year	*From 2 year to 5 years*	*More than 5 years*	*Total*
Trade payable and other creditor	60,524,066	-	-	60,524,066
Loans	174,319,333	90,936,314	-	265,255,647
Obligation under the service concession agreement	12,232,440	104,405,602	213,108,209	329,746,251
Amounts due to shareholders	18,831,587	-	-	18,831,587
Notes payable	4,748,400	3,561,300	-	8,309,700

(All amounts in Saudi Riyals unless otherwise stated)

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk and going concern (continued)

The calculation of net debt was as follows:

	2022	*2021*
Obligation under the service concession agreement	**487,173,139**	329,746,251
Loans	**192,005,800**	265,255,647
Lease liabilities	**41,569,491**	10,119,774
Notes payable	**3,561,300**	8,309,700
Cash and cash equivalents	**(57,738,920)**	(37,271,833)
Short-term financial assets measured at FVPL	**(81,191,135)**	(10,930,023)
Net debt	**585,379,675**	565,229,516
Equity	**478,102,177**	236,019,788
Equity and net debt	**1,063,481,852**	801,249,304
Gearing ratio	**55%**	71%
Current ratio	**1.75**	0.98
Unused credit facilities (in SR millions)	**150.6**	45

The management believes that the Group has ability to meet its obligation as:

(a) The Group's current assets are more than its current liabilities;

(b) The Group manages its liquidity risk by ensuring that bank borrowing facilities from multiple banks are available (note 13).

The Group operates in diversified industries (see note 27). Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources and borrowing facilities from multiple banks to continue in business for the foreseeable future. Moreover, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as going concern. Therefore, these consolidated financial statements have been prepared on a going concern basis.

33. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. For capital management purposes, capital was considered as equal to the total equity of the Group.

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2022 and 2021. At the consolidated statement of financial position date, gearing ratio analysis by the management was as follows:

	2022	**2021**
Equity	**478,102,177**	236,019,788
Liabilities	**876,296,229**	737,049,017
Total capital structure	**1,354,398,406**	973,068,805
Gearing ratio	**64.70%**	75.75%

34. SUBSEQUENT EVENTS

Subsequent to the year end, one of the Group's subsidiaries has signed a sale and purchase agreement (SPA) relating to a sale of its all ownership of Moshrat Al-Estijabah Company one of its subsidiaries that represent 95% of total shares. The legal formalities have been completed to conclude the transaction after the Company's board of directors' approval on 8 February 2023).

35. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified for the purpose of a better presentation. Hoverer the effect of those reclassifications was not significant.

36. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Company's board of directors on 9 March 2023 (corresponding to 17 Shaaban 1444).