



**SADR LOGISTICS COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**  
ALONG WITH  
**INDEPENDENT AUDITOR'S REVIEW REPORT**

**SADR LOGISTICS COMPANY**  
(A Saudi Joint Stock Company)  
**Interim Condensed Financial Statements**  
**For the three-months period ended 31 March 2023**

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## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of  
**Sadr Logistics Company**  
(A Saudi Joint Stock Company)

**Riyadh - Kingdom of Saudi Arabia**

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Sadr Logistics Company** (The "Company") - a Saudi Joint Stock Company as of 31 March 2023 and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended including a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with International Accounting Standard "Interim Financial Reporting" (IAS 34), that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

### Scope Of Review

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

### Conclusion

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

### Other Matter

The Company's condensed interim financial statements for the three-month period ended 31 March 2022 were reviewed by another auditor, who expressed an unmodified conclusion on those condensed interim financial statements on 25 May 2022.

**For Dr. Mohamed Al-Amri & Co.**



Gihad Mohamed Al-Amri  
Certified Public Accountant  
Registration No. 362



Date: 8 Dhul-Qidah 1444 (H)  
Corresponding to: 28 May 2023 (G)

**SADR LOGISTICS COMPANY**  
(A Saudi Joint Stock Company)  
**Interim Condensed Statement of Financial Position**  
**As at 31 March 2023**  
(All amounts in Saudi Riyals unless otherwise stated)

		<b>31 March 2023 (unaudited)</b>	<b>31 December 2022 (audited)</b>
	<b>Note</b>		
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Property, plant and equipment		44,264,178	43,422,144
Intangible assets		2,385,704	1,846,279
Right-of-use assets	5.1	36,680,906	14,932,091
Net investments in finance lease	6	2,042,248	1,786,818
<b>Total non-current assets</b>		<b>85,373,036</b>	<b>61,987,332</b>
<b>Current assets</b>			
Other financial assets – investments	7	30,000,000	25,000,000
Inventories	8	26,763,956	40,423,356
Contract assets		2,142,813	4,951,041
Trade, other receivables and prepayments	9	79,418,557	61,576,049
Net investments in finance lease – current portion	6	5,278,078	4,477,721
Cash and cash equivalents		27,220,888	33,904,393
<b>Total current assets</b>		<b>170,824,292</b>	<b>170,332,560</b>
<b>TOTAL ASSETS</b>		<b>256,197,328</b>	<b>232,319,892</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Equity</b>			
Share capital		175,000,000	175,000,000
Statutory reserve		1,941,909	1,941,909
Actuarial reserve		(165,371)	(165,371)
Retained earnings / (accumulated losses)		2,742,398	(544,908)
<b>Total equity</b>		<b>179,518,936</b>	<b>176,231,630</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities – non-current portion	5.2	27,304,254	5,697,581
Employees’ post-employment benefits		3,953,384	3,709,914
Borrowings	10	169,351	257,806
<b>Total non-current liabilities</b>		<b>31,426,989</b>	<b>9,665,301</b>
<b>Current liabilities</b>			
Lease liabilities – current portion	5.2	11,488,343	10,782,766
Borrowings	10	1,060,629	1,065,816
Due to related parties	11	1,006,251	805,000
Contract liabilities		5,565,261	7,217,253
Trade and other payables		21,939,571	22,860,778
Zakat provision	12	4,191,348	3,691,348
<b>Total Current liabilities</b>		<b>45,251,403</b>	<b>46,422,961</b>
<b>Total liabilities</b>		<b>76,678,392</b>	<b>56,088,262</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>256,197,328</b>	<b>232,319,892</b>

The accompanying notes 1 through 19 forms an integral part of these interim condensed financial statements.

**Chief Financial Officer**  
Ahmed Mostafa Kortam

**Chief Executive Officer**  
Bandar Mohamed Al Samaani

**Authorized Board Member**  
Tariq bin Saad Al-Fuwairi

**SADR LOGISTICS COMPANY**

(A Saudi Joint Stock Company)

**Interim Condensed Statement of Profit or Loss and Other Comprehensive Income****For the three-months period ended 31 March 2023**

(All amounts in Saudi Riyals unless otherwise stated)

	<b>Note</b>	<b>For the three months ended</b>	
		<b>31 March 2023</b>	<b>31 March 2022</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenues	13	<b>39,954,788</b>	19,767,796
Finance lease income	6	<b>860,603</b>	-
Cost of revenue		<b>(32,977,335)</b>	(16,459,361)
<b>Gross profit</b>		<b>7,838,056</b>	3,308,435
Marketing and selling expenses		<b>(2,382,838)</b>	(2,674,524)
General and administrative expenses		<b>(2,335,615)</b>	(2,413,674)
Reversal of expected credit loss for trade receivables		-	220,331
Reversal of impairment on net investment in finance lease		-	210,451
Other revenues, net		<b>67,061</b>	23,793
<b>Profit / (loss) from operations</b>		<b>3,186,664</b>	(1,325,188)
Finance costs		<b>(138,928)</b>	(268,714)
Gains from investments carried at FVTPL		-	265,347
Gains from investments carried at amortized cost		<b>739,570</b>	-
<b>Net profit / (loss) before zakat</b>		<b>3,787,306</b>	(1,328,555)
Zakat	12	<b>(500,000)</b>	(500,000)
<b>Net profit / (loss) for the period</b>		<b>3,287,306</b>	(1,828,555)
<b>Earning (loss) per share – (basic and diluted)</b>	14	<b>0.19</b>	(0.10)
Other Comprehensive Income:		-	-
<b>Total comprehensive income / (loss) for the period</b>		<b>3,287,306</b>	(1,828,555)

The accompanying notes 1 through 19 form an integral part of these interim condensed financial statements.

**Chief Financial Officer**  
**Ahmed Mostafa Kortam**



**Chief Executive Officer**  
**Bandar Mohamed Al Samaani**



**Authorized Board Member**  
**Tarig bin Saad Al-Tuwailri**



**SADR LOGISTICS COMPANY**

(A Saudi Joint Stock Company)

**Interim Condensed Statement of Changes in Equity  
For the three-months period ended 31 March 2023**

(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Actuarial reserve	Retained earnings	Total equity
Balance as of 1 January 2022 (audited)	175,000,000	1,941,909	(743,238)	6,671,025	182,869,696
Total comprehensive loss for the period	-	-	-	(1,828,555)	(1,828,555)
<b>Balance as at 31 March 2022 (unaudited)</b>	<u>175,000,000</u>	<u>1,941,909</u>	<u>(743,238)</u>	<u>4,842,470</u>	<u>181,041,141</u>
Balance as of 1 January 2023 (audited)	175,000,000	1,941,909	(165,371)	(544,908)	176,231,630
Total comprehensive income for the period	-	-	-	3,287,306	3,287,306
<b>Balance as of 31 March 2023 (unaudited)</b>	<u>175,000,000</u>	<u>1,941,909</u>	<u>(165,371)</u>	<u>2,742,398</u>	<u>179,518,936</u>

The accompanying notes 1 through 19 form an integral part of these interim condensed financial statements.

Chief Financial Officer  
Ahmed Mostafa Kortam



Chief Executive Officer  
Bandar Mohamed Al Samaani



Authorized Board Member  
Tariq bin Saad Al-Tuwaijri



**SADR LOGISTICS COMPANY**

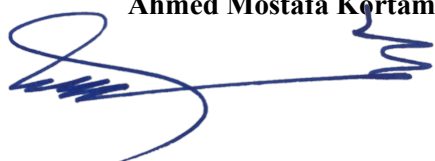
(A Saudi Joint Stock Company)

**Interim Condensed Statement of Cash Flows****For the three-months period ended 31 March 2023**

(All amounts in Saudi Riyals unless otherwise stated)

	31 March 2023 (unaudited)	31 March 2022 (unaudited)
<b><u>Cash flows from operating activities</u></b>		
Net profit / (loss) before Zakat	3,787,306	(1,328,555)
Adjustments for:		
Depreciation on property, plant and equipment	315,441	236,675
Amortization of intangible assets	15,625	15,625
Depreciation on right-of-use assets	2,721,508	2,080,278
Finance cost	138,928	268,714
Insurance for leased vehicles	19,864	-
(Gain) on disposal property, plant and equipment	-	(17,387)
Gains from net investments in finance lease	(860,603)	-
Provision for post-employment benefits	243,470	148,476
Gain from investments carried at FVTPL	-	(265,347)
Impairment (reversed) of net investment in finance lease	-	(210,451)
Reversal provision for impairment of trade receivables	-	(220,331)
	<b>6,381,539</b>	<b>707,697</b>
<b><u>Changes in working capital:</u></b>		
Inventories	13,659,400	(340,004)
Contract assets	2,808,228	(367,108)
Trade, other receivables and prepayments	(17,842,508)	(4,485,757)
Contract liabilities	(1,651,992)	4,167,760
Trade and other payables	(921,207)	2,561,931
Due to related parties	201,251	698,312
Employees' post-employment benefits paid	-	(18,941)
Creditor's compensation and subscription to priority rights shares	-	(16,632,745)
<b>Net cash generated from / (used in) operating activities</b>	<b>2,634,711</b>	<b>(13,708,855)</b>
<b><u>Cash flows from investing activities</u></b>		
Proceeds from the sale of property, plant and equipment	-	17,389
Purchase of intangible asset	(555,050)	(162,681)
Addition to investments carried at amortized cost	(5,000,000)	-
Addition to investments carried at FVTPL	-	(115,000,000)
Purchase of property, plant and equipment	(1,157,475)	(29,584,738)
<b>Net cash (used in) investing activities</b>	<b>(6,712,525)</b>	<b>(144,730,030)</b>
<b><u>Cash flows from financing activities</u></b>		
Lease liabilities paid	(3,949,323)	(2,935,852)
Proceeds from leases	1,437,274	1,214,442
Payment made for borrowings	(93,642)	(1,463,634)
<b>Net cash used in financing activities</b>	<b>(2,605,691)</b>	<b>(3,185,044)</b>
<b>Net change in cash and cash equivalents</b>	<b>(6,683,505)</b>	<b>(161,623,929)</b>
Cash and cash equivalent at the beginning of the period	33,904,393	169,267,117
<b>Cash and cash equivalents at the end of the period</b>	<b>27,220,888</b>	<b>7,643,188</b>
<b><u>Non-cash transactions:</u></b>		
Additions right of use assets	24,470,323	1,065,800
Additions in investment in finance lease	2,414,869	-
Additions in lease liability	26,024,589	1,065,800
Gains from net investments in finance lease	860,603	-

The accompanying notes 1 through 19 forms an integral part of these interim condensed financial statements.

**Chief Financial Officer**  
**Ahmed Mostafa Kortam**
**Chief Executive Officer**  
**Bandar Mohamed AlSamaani**
**Authorized Board Member**  
**Tariq bin Saad Al-Tuwaijri**




# **SADR LOGISTICS COMPANY**

(A Saudi Joint Stock Company)

## **Notes to the Interim Condensed Financial Statements**

### **For the three-months period ended 31 March 2023**

(All amounts in Saudi Riyals unless otherwise stated)

#### **1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

Sadr Logistics Services Company (formerly Al-Samaani for Metal Industries Company) (the “Company”) was incorporated as a Saudi joint stock company under the Companies Law in the Kingdom of Saudi Arabia under the main commercial registration No. 1131012302 on 20 Shaaban 1414H corresponding to 2 February 1994.

The company carries out its industrial activities under Industrial Registration No. 415 issued on 18 Rajab 1412H, corresponding to 25 November 1995, and amended by Industrial License No. 112845 issued on 3 Ramadan 1443H, corresponding to 05 April 2022.

On 25 Rabi` al-Thani 1442H, corresponding to 10 December 2020, the Company's shares were listed and started trading in the main market “Tadawul” under the symbol (1832).

The principal activity of the Company is the manufacture of wooden pallets, the manufacture of prefabricated steel structure units, the manufacture of finished and semi-finished industrial products by forging, pressing, casting, and rolling, the manufacture of furniture for all purposes from plastic.

The financial statements presented include the accounts of the Company and its branches, as follows:

<b>Branch Name</b>	<b>CR No.</b>	<b>City</b>
Branch Sadr logistics Company	1010947309	Riyadh (I)
Branch Sadr logistics Company	1010742525	Riyadh (II)
Branch Sadr logistics Company	2050115434	Dammam

The purpose of each branch is the same as explained in the financial statements for the year ended 31 December 2022.

#### **2. BASIS OF PREPARATION**

##### **2.1 Statement of compliance**

The interim condensed financial statements for the three-months period ended 31 March 2023 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting (IAS 34)” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2022. The accounting policies used in the preparation of these interim condensed financial statements are consistent with those applied to the audited annual financial statements for the year ended 31 December 2022, except for the adoption of new standards and interpretations effective 1 January 2023.

The results for the three-month period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ended on 31 December 2023.

##### **2.2 Basis of measurement**

The interim condensed financial statements have been prepared on a historical cost basis except for recognition of post-employment benefit obligations at the present value of future liabilities using the projected unit credit method and certain financial instruments that are measured at fair value as explained in the financial statements for the year ended 31 December 2022.

Historical cost is generally based on the fair value of the consideration provided for goods and services.

##### **2.3 Use of judgements and estimates**

The preparation of these interim condensed financial statements requires management to use judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

In preparing these interim condensed financial statements, significant judgements made by the management in applying the Company’s accounting policies and the key sources of estimation were consistent with those that were applied to the financial statements as at and for the year ended 31 December 2022, except for new amendments that are applicable from the period beginning January 1, 2023, as disclosed below note 4.



## **SADR LOGISTICS COMPANY**

(A Saudi Joint Stock Company)

### **Notes to the Interim Condensed Financial Statements For the three-months period ended 31 March 2023**

(All amounts in Saudi Riyals unless otherwise stated)

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## **2. BASIS OF PREPARATION (continued)**

### **2.4 Functional and presentation currency**

These interim condensed financial statements have been presented in Saudi Riyals (“SR”) which is the Company’s functional and presentation currency.

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those policies followed in preparing the annual financial statements of the Company for the year ended 31 December 2022 and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period.

## **4. NEW AND AMENDED STANDARDS AND INTERPRETATIONS**

### **4.1 New and amended standards adopted by the Company.**

Accounting policies adopted in the preparation of interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2022, except for the adoption of new standards, interpretations, and amendments as of 1 January 2023. The Company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

The following amendment applies for the first time in 2023 but do not have an impact on the interim condensed financial statements of the Company:

- i. IFRS 17 Insurance contracts – effective from 1 January 2023
- ii. Amendment to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current and Non-current – effective from 1 January 2023
- iii. Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement No.2- Making Materiality Judgements – Disclosure of Accounting Policies – effective from 1 January 2023
- iv. Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates – effective from 1 January 2023
- v. Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction – effective from 1 January 2023

There has been no material impact on the interim condensed financial statements of the Company upon adoption of the above standards.

### **4.2 New and amended standards not effective and not yet adopted by the Company.**

At the date of interim condensed financial statements, the following other standards, amendments, and interpretations have not been effective and have not been adopted early by the Company.

The following amendments have been passed but are not yet effective.

- i. Amendment to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint ventures – Sale or Contribution of Assets between an investor and its associate or Joint ventures – effective date not yet decided.
- ii. Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback – effective from 1 January 2024

Management anticipates that the application of the above amendments in future periods will have no material impact on the interim condensed financial statements of the Company in the period of initial application.

**SADR LOGISTICS COMPANY**

(A Saudi Joint Stock Company)

**Notes to the Interim Condensed Financial Statements  
For the three-months period ended 31 March 2023**

(All amounts in Saudi Riyals unless otherwise stated)

**5. LEASES****5.1 Right-of-use assets**

	<b>Buildings</b>	<b>Machines</b>	<b>Vehicles</b>	<b>Total</b>
<b>Cost</b>				
Balance as of 31 December 2022 (audited)	32,147,870	2,281,071	1,332,300	35,761,241
Additions	24,470,323	-	-	24,470,323
Balance as of 31 March 2023 (un-audited)	<b>56,618,193</b>	<b>2,281,071</b>	<b>1,332,300</b>	<b>60,231,564</b>
<b>Accumulated depreciation</b>				
Balance as of 31 December 2022 (audited)	20,420,006	138,576	270,568	20,829,150
Depreciation	2,565,481	72,759	83,268	2,721,508
Balance as of 31 March 2023 (un-audited)	<b>22,985,487</b>	<b>211,335</b>	<b>353,836</b>	<b>23,550,658</b>
<b>Net carrying value as at:</b>				
<b>31 March 2023 (un-audited)</b>	<b>33,632,706</b>	<b>2,069,736</b>	<b>978,464</b>	<b>36,680,906</b>
31 December 2022 (audited)	11,727,864	2,142,495	1,061,732	14,932,091

**5.2 Lease liabilities**

	<b>Buildings</b>	<b>Machines</b>	<b>Vehicles</b>	<b>Total</b>
Balance as of 31 December 2022 (audited)	13,961,116	1,281,317	1,237,914	16,480,347
Additions	26,024,589	-	-	26,024,589
Finance cost	159,844	28,923	28,353	217,120
Insurance	-	3,134	16,730	19,864
Payments	(3,640,660)	(141,756)	(166,907)	(3,949,323)
Balance as of 31 March 2023 (un-audited)	<b>36,504,889</b>	<b>1,171,618</b>	<b>1,116,090</b>	<b>38,792,597</b>

	<b>31 March 2023 (Un-audited)</b>	<b>31 December 2022 (Audited)</b>
<b>Analyses between:</b>		
Current liabilities	<b>11,488,343</b>	10,782,766
Non-current liabilities	<b>27,304,254</b>	5,697,581
	<b>38,792,597</b>	16,480,347
<b>Maturity analysis</b>		
Not later than one year	<b>10,988,348</b>	11,341,150
Later than one year and not later than 5 years	<b>30,607,061</b>	5,478,486
Later than 5 years	<b>655,702</b>	655,702
	<b>42,251,111</b>	17,475,338
Less: effect of discounting	<b>(3,458,514)</b>	(994,991)
	<b>38,792,597</b>	16,480,347

## SADR LOGISTICS COMPANY

(A Saudi Joint Stock Company)

### Notes to the Interim Condensed Financial Statements

### For the three-months period ended 31 March 2023

(All amounts in Saudi Riyals unless otherwise stated)

#### 5. LEASES (Continued)

##### 5.2 Lease liabilities (continued)

- The additions of right of use assets and lease liabilities are as follows:

\*The contract of the rent service provider (Al murabitoun Al khalijiah Co) has been extended for another three years, starting from September 2023 till the end of August 2026, and as a result, an amount of SR 24,470,323 was added to the right of use assets and lease liabilities.

\* A warehouse has been rented in the north Industrial zone in Riyadh for a period of three years starting from 1 January 2023 till 31 December 2025. Same property has been sub-leased to another company for the same period of three years with same dates. Consequently, an addition of SR 1,554,266 to lease liabilities and to net investments in finance lease has been recognized.

##### 5.3 Recognized amounts in the interim statement of profit or loss and other comprehensive income

The interim statement of profit or loss and other comprehensive income shows the following amounts related to leases:

	<b>31 March 2023</b>	31 March 2022
	<b>(Un-audited)</b>	(Un-audited)
Finance cost of lease liabilities (note 5.2)	<b>217,120</b>	240,630
Depreciation expense (note 5.1)	<b>2,721,508</b>	2,080,278
Short term and low value operating leases expense	<b>92,276</b>	76,313
Finance income from investment in finance lease	<b>78,192</b>	31,900
Finance lease income	<b>860,603</b>	-

##### 5.4 Extension and termination options

Extension and termination options are included in several property, plants and equipment rentals throughout the company. These conditions are used to increase operational flexibility in contract management. Most of the existing extension and termination options can only be exercised by the Company and not by the lessor concerned.

#### 6. NET INVESTMENT IN FINANCE LEASE

**Main contract:** The Company (the lessee) leased a warehouse from the Ali Suliman Ibrahim (the lessor) at a value of SR 1,666,980 for a period of three years, starting from 01 January 2023 to 31 December 2025, provided that the warehouse is returned at the end of the lease period. The lessee has the right to sublease the building to others.

**Sub-lease contract:** On 01 January 2023, the Company (as a lessor) leased the warehouse of the Ali Suliman Ibrahim warehouses to Avenger Flight Group. (The lessee) for a value of SR 2,673,986 for a period of three years period ended on 31 December 2025, provided that the warehouse is returned at the end of the period to the lessor. The Sub-lessee has the right to lease the rental unit to others, if it is one of the companies owned by the Sub-lessee.

The Company recognized SR 860,603 being the difference of fair value of investment in finance lease (SR 2,414,869) and present value of lease liability (SR 1,554,266) as a finance lease income in interim condensed statement of profit or loss and other comprehensive income.

**SADR LOGISTICS COMPANY**

(A Saudi Joint Stock Company)

**Notes to the Interim Condensed Financial Statements  
For the three-months period ended 31 March 2023**

(All amounts in Saudi Riyals unless otherwise stated)

**7. OTHER FINANCIAL ASSETS**

Financial assets comprise investments in Murabaha, and these assets are classified at amortized cost.

During the period, the Company renewed investments in Murabaha amounting to SR 5 million for more than 90 days. Investments in Murabaha carry a profit at the rate of 5.50% to 5.55% annually and have maturity dates ranging from 91 to 180 days.

**8. INVENTORIES**

	<b>31 March 2023</b>	31 December 2022
	<b>(Un-audited)</b>	(Audited)
Raw material	<b>17,485,305</b>	19,202,017
Finished goods	<b>8,609,817</b>	7,875,193
Spare parts and supplies	<b>1,360,041</b>	1,304,767
Work in progress	<b>471,624</b>	744,743
Goods in transit	-	12,459,467
	<b>27,926,787</b>	41,586,187
Less: provision for obsolescence of inventories	<b>(1,162,831)</b>	(1,162,831)
	<b>26,763,956</b>	40,423,356

The cost of inventories recognized as an expense during the period in respect of continuing operations was. 28,684,726 Saudi Riyals (March 2022: 12,634,690 Saudi Riyals).

**9. TRADE, OTHER RECEIVABLES AND PREPAYMENTS**

	<b>31 March 2023</b>	31 December 2022
	<b>(Un-audited)</b>	(Audited)
Trade receivables – customers	<b>70,831,595</b>	55,261,236
Trade receivables – government	<b>658,794</b>	308,358
Allowance for expected credit losses	<b>(3,286,196)</b>	(3,574,620)
<b>Net trade receivables</b>	<b>68,204,193</b>	51,994,974
Advanced to suppliers	<b>8,173,521</b>	5,262,577
Employee's loan*	<b>691,244</b>	656,278
Accrued profit on Murabaha	<b>636,931</b>	300,694
Prepayments	<b>113,304</b>	194,276
Insurance	<b>429,283</b>	401,500
Prepaid subscription	<b>468,474</b>	239,127
Prepaid rent	<b>310,652</b>	98,058
Deposits for insurance letters of guarantee (note 17)	<b>390,955</b>	2,428,565
	<b>79,418,557</b>	61,576,049

\*The employees' loan includes some advances belonging to members of the executive management.

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**9. TRADE, OTHER RECEIVABLES AND PREPAYMENTS (continued)**

The following table shows the movement in lifetime ECL that has been recognized for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	<b>Lifetime ECL - not credit Impaired</b>		<b>Lifetime ECL – credit impaired</b>	<b>Total</b>
	<b>Individually Assessed</b>	<b>Collectively assessed</b>		
Balance as at 1 January 2022	2,092,907	-	-	2,092,907
Remeasurement loss charged	1,481,713	-	-	1,481,713
Balance as at 31 December 2022 (audited)	<b>3,574,620</b>	-	-	<b>3,574,620</b>
Write off	<b>(288,424)</b>	-	-	<b>(288,424)</b>
<b>Balance as at 31 March 2023 (Un-audited)</b>	<b>3,286,196</b>	-	-	<b>3,286,196</b>

**10. BORROWINGS**

The borrowings presented in the condensed statement of financial position consist of the following:

	<b>Currency</b>	<b>Interest rate</b>	<b>Year of maturity</b>	<b>Balance as at 31 March 2023 (Un-audited)</b>	<b>Balance as at 31 December 2022 (Audited)</b>
Working Capital Financing	SAR	4%	2024	<b>169,351</b>	257,806
Long Term Assets Financing	SAR	4%	2023	<b>1,060,629</b>	1,065,816
				<b>1,229,980</b>	1,323,622
<b><i>Analysed between:</i></b>					
-non-current portion				<b>169,351</b>	257,806
-current portion				<b>1,060,629</b>	1,065,816
<b>Totals</b>				<b>1,229,980</b>	1,323,622

Movement in borrowings for the three-month period ended 31 March 2023 is as follows:

	<b>31 March 2023 (Un-audited)</b>	<b>31 December 2022 (Audited)</b>
Balance at the beginning of the period / year	<b>1,323,622</b>	14,205,068
Additions during the period / year	-	718,136
Finance cost during period / year	-	279,334
Paid during the period / year	<b>(93,642)</b>	(13,878,916)
Balance at the end of the period / year	<b>1,229,980</b>	1,323,622

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**11. RELATED PARTY INFORMATION**

Transaction with related parties is in salaries, remuneration, allowances of members of the board of directors (BOD) and senior management that took place during the period between the Company and members of the board of directors, members of committees and senior management.

The most significant transactions with related parties are as follows:

	<b>31 March 2023</b>		<b>31 March 2022</b>	
	<b>BOD members and committees (Un-audited)</b>	<b>Executive management (Un-audited)</b>	<b>BOD members and committees (Un-audited)</b>	<b>Executive management (Un-audited)</b>
BOD members and committees' remuneration	<b>201,250</b>	-	201,250	-
BOD and committee's attendance allowance	-	-	49,500	-
Salaries and wages	-	<b>367,459</b>	-	849,235
End of service	-	<b>29,625</b>	-	26,833
	<b>201,250</b>	<b>397,084</b>	<b>250,750</b>	<b>876,068</b>

The amount due to above related parties with respect to remuneration for BOD members and Committees amounted to 1,006,251 Saudi riyals on 31 March 2023 (31 December 2022: 805,000 Saudi riyals).

**12. ZAKAT PROVISION****12.1 Zakat status:**

The Company submitted its returns to the Zakat, Tax and Customs Authority (the authority) until the year ended on 31 December 2022, and the Company obtained a certificate from the General Authority of Zakat and Tax, valid until 21 Shawwal 1445 corresponding to 30 April 2024.

The Company received final zakat assessments for the years (2019, 2020) on 7 Rajab 1443AH, corresponding to 8 February 2022. The assessment amounted to 37,114 Saudi riyals, and the amount was settled with the Authority during the year 2022.

**12.2 Zakat movement**

	<b>31 March 2023 (Un-audited)</b>	<b>31 December 2022 (Audited)</b>
Balance at the beginning of the year	<b>3,691,348</b>	861,212
Charged for the period / year	<b>500,000</b>	3,690,301
Payment during the period / year	-	(860,165)
Balance at the end of the period / year	<b>4,191,348</b>	<b>3,691,348</b>

**13. REVENUE**

The Company derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines. The disclosure of revenue by product line is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating Segments in note 15.

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**13. REVENUE (continued)****Desegregation of revenue**

	<b>31 March 2023</b>	31 March 2022
	<b>(Un-audited)</b>	(Un-audited)
<i>Sales of products</i>		
- Steel products	<b>164,746</b>	240,515
- Wooden products	<b>22,633,697</b>	6,397,092
- Other products	<b>287,662</b>	632,471
<i>Projects revenue</i>		
- Steel (racking systems)	<b>11,137,157</b>	8,480,989
- Logistics services	<b>4,303,825</b>	4,016,729
- Other services	<b>1,427,701</b>	-
	<b>39,954,788</b>	19,767,796
<b>Timing of revenue recognition</b>		
	<b>31 March 2023</b>	31 March 2022
	<b>(Un-audited)</b>	(Un-audited)
<i>At a point in time</i>		
- Steel products	<b>164,746</b>	240,515
- Wooden products	<b>22,633,697</b>	6,397,092
- Other products	<b>287,662</b>	632,471
- Other services	<b>1,427,701</b>	-
	<b>24,513,806</b>	7,270,078
<i>Over time</i>		
- Steel (racking systems)	<b>11,137,157</b>	8,480,989
- Logistics services – 3PL contracts	<b>4,303,825</b>	4,016,729
	<b>15,440,982</b>	12,497,718
Total revenue	<b>39,954,788</b>	19,767,796

Other products comprise forklifts, refrigeration systems and other equipment related to warehouse solutions. Other services comprise installation of the above equipment (if required), removal and installation of warehouse equipment at customers' warehouses and epoxy coating of warehouse floors.

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

	For the three months period ended	
	<b>31 March 2023</b>	31 March 2022
	<b>(Un-audited)</b>	(Un-audited)
- Steel (racking systems)	<b>8,122,349</b>	6,118,530
- Logistics services – 3PL contracts	<b>6,255,390</b>	13,115,740
	<b>14,377,739</b>	19,234,270

Management expects that 100% of the entire transaction price allocated to the unsatisfied contracts as of 31 March 2023 will be recognized as revenue till 31 December 2023.

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**14. EARNINGS PER SHARE (EPS)**

The basic and diluted earnings per share is calculated from profit/loss for the period attributed to the Company's shareholders divided by weighted average on outstanding ordinary shares at the end of the period. The ordinary shares outstanding as at the end of the period amounted to 17,500,000 shares (31 March 2022: 17,500,000 shares).

	For the three months period ended	
	<b>31 March 2023</b>	31 March 2022
	<b>(Un-audited)</b>	(Un-audited)
Profit / (Loss) for the period	<b>3,287,306</b>	(1,828,555)
Weighted average number of shares outstanding	<b>17,500,000</b>	17,500,000
Earnings /(loss) per share (basic and diluted)	<b>0.19</b>	(0.10)

**15. SEGMENT INFORMATION**

Information reported to the Company's Chief operating decision-maker for the purposes of resource allocation and assessment of segment performance is focused on the Company's categories of activities (products, or services offered to customers). The Company's activity is represented into the main segments as follows:

**Steel:** The company is engaged in the sale of steel products (i.e., pallets) and delivery and installation of steel racking systems at customers' warehouses. For financial statement presentation purposes, these individual operating segments have been aggregated into a single operating segment because the nature of the products and production processes are similar.

**Wood:** The wood segment represents the sale of wooden pallets, boxes, and raw materials.

**Logistics services:** Logistics services represent providing storage services, and transportation for others, as the company is engaged in long-term contracts with customers.

**All others:** The "all other activities" segment represents the sale of plastics products, forklifts and refrigerating systems and the rendering of other services i.e., removal and re-installation, epoxy flooring etc.

Items of revenue, cost of revenue and long-term assets have been distributed among these segments and the rest of the items are difficult to distribute among segments. Segment performance is evaluated based on income and is measured consistently in the interim condensed financial statements.

Selected financial information for the three months period ended 31 March 2023 and 31 March 2022 and as of December 31, 2022, categorized by these business segments, is as follows:

<b>31 March 2023 (unaudited)</b>	<b>Steel</b>	<b>Wood</b>	<b>Logistics</b>	<b>All others</b>	<b>Total</b>
Total Assets	<b>67,879,754</b>	<b>30,968,038</b>	<b>155,645,637</b>	<b>1,703,899</b>	<b>256,197,328</b>
Total Liabilities	<b>23,828,912</b>	<b>17,063,918</b>	<b>34,083,593</b>	<b>1,701,969</b>	<b>76,678,392</b>
Revenue	<b>11,301,903</b>	<b>22,633,697</b>	<b>4,303,825</b>	<b>1,715,363</b>	<b>39,954,788</b>
Finance lease income	-	-	<b>860,603</b>	-	<b>860,603</b>
Cost of Revenue	<b>(8,157,274)</b>	<b>(20,307,298)</b>	<b>(3,960,314)</b>	<b>(552,449)</b>	<b>(32,977,335)</b>
<b>Gross profit</b>	<b>3,144,629</b>	<b>2,326,399</b>	<b>1,204,114</b>	<b>1,162,914</b>	<b>7,838,056</b>
<b>Net Profit for the period</b>	<b>101,509</b>	<b>1,439,489</b>	<b>592,827</b>	<b>1,153,481</b>	<b>3,287,306</b>



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**15. SEGMENT INFORMATION (continued)**

<b>31 December 2022(audited)</b>	<b>Steel</b>	<b>Wood</b>	<b>Logistics</b>	<b>All others</b>	<b>Total</b>
Total assets	54,983,930	26,905,039	149,193,762	1,237,161	232,319,892
Total Liabilities	17,430,234	12,481,815	24,931,268	1,244,945	56,088,262
<b>31 March 2022 (unaudited)</b>					
Revenue	8,721,504	6,397,092	4,016,729	632,471	19,767,796
Cost of Revenue	(7,646,388)	(4,606,873)	(3,824,671)	(381,429)	(16,459,361)
<b>Gross profit</b>	<b>1,075,116</b>	<b>1,790,219</b>	<b>192,058</b>	<b>251,042</b>	<b>3,308,435</b>
<b>Net Loss for the period</b>	<b>(1,810,059)</b>	<b>631,728</b>	<b>(777,315)</b>	<b>127,091</b>	<b>(1,828,555)</b>

The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 3. Segment profit represents the profit earned by each segment with allocation of central administration costs including directors' salaries, finance income, non-operating gains, and losses in respect of financial instruments and finance costs, and Zakat. This is the measure reported to the Company's Chief operating decision-maker for the purpose of resource allocation and assessment of segment performance. For the purposes of monitoring segment performance and allocating resources between segments the Company's Chief operating decision-maker monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments without any exception. Assets used jointly by reportable segments are allocated based on the revenues earned by individual reportable segments.

Included in revenues arising from wood segment are revenues of approximately 18.4 million Saudi Riyals (March 2022: Nil) which arose from sales to the Company's largest customer. No other single customer contributed 10 per cent or more to the Company's revenue in the first quarter of 2023.

The Company's assets and the principal markets of its operations are in the Kingdom of Saudi Arabia; therefore, the geographical information has not been presented in these financial statements.

**16. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS****Financial risk factors**

The Company's activities expose it to a variety of financial risks: cash flow and fair value interest rate risk; liquidity risk; counterparty credit risk; and price risk.

The condensed interim financial statements does not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements as of 31 December 2022.

There have been no changes in the operation of risk management and risk management policies since those detailed in the annual financial statements as of 31 December 2022.

**Fair value estimation**

Management considers that the carrying amounts of financial assets and financial liabilities recognized at amortized cost in the condensed interim financial statements approximate their fair values.

**17. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

The Company has capital commitments with foreign companies to purchase machinery and equipment, amounting to 1,876,100 Euros and 83,500 United States Dollars (USD), equivalent to 7,751,879 Saudi riyals as of 31 March 2023 (31 December 2022: 1,876,100 Euros and 83,500 United States Dollars (USD), equivalent to 7,755,531 Saudi riyals). The Company has paid an amount of 727,857 Euros and 15,800 USD, being equivalent to 2,945,059 Saudi Riyals during three-months period ended 31 March 2023, and the remaining amount is 1,148,242 Euros and 67,700 USD being equivalent to 4,806,820 Saudi Riyals. Management expects that an amount of 3,862,503 (80% of outstanding amount) Saudi riyals will be paid during the year 2023.

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**17. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)**

The Company has a capital commitment for development of intangible assets (ERP & HR system) from local companies amounting to 2,672,251 Saudi Riyals. An amount of 1,090,200 Saudi Riyals has been paid during three-months period ended 31 March 2023, and the remaining amount is expected to be paid during the year 2023 (capital commitments as of 31 December 2022 was 10,555,208 Saudi Riyals out of which 2,237,129 Saudi Riyals was paid)

Company has issued letters of guarantee as on 31 March 2023 which are 100% covered in cash of 390,955 Saudi Riyals (2022: issued against a 100% cash cover of 2,428,565 Saudi Riyals), as stated in Trade, other receivables, and prepayments (note 9).

The Company has no contingent liabilities as on 31 March 2023 and 31 December 2022.

**18. SUBSEQUENT EVENTS**

The Company announced on Tadawul on 14 May 2023, the recommendation of the Board of Directors to the Company in its meeting held on Shawal 23, 1444, corresponding to May 13, 2023, to the Extraordinary General Assembly to split the nominal value of the share from SR10 (ten Saudi riyals) per share to SR1 (one Saudi riyal) per share, and thus the number of the Company's shares will become (175) million shares instead of (17.5) million shares, with the Company's commitment to complete the necessary related procedures.

No other events have taken place after the end of the reporting period which require adjustment to, or separate disclosure, in these interim condensed financial statements.

**19. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

The Interim Condensed Financial Statements have been approved by the Board of Directors on 30 Shawwal 1444H (corresponding to 20 May 2023).

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