



SADR LOGISTICS COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS (unaudited)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023
ALONG WITH
INDEPENDENT AUDITOR'S REVIEW REPORT

SADR LOGISTICS COMPANY

(A Saudi Joint Stock Company)

Interim Condensed Financial Statements**For the nine-month period ended 30 September 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 30 September 2023 and the related interim condensed statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, interim condensed statements of changes in equity and cash flows for the nine-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.

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
License No. 362



Date: 25 Rabi 'II 1445 (H)
Corresponding to: 9 November 2023 (G)

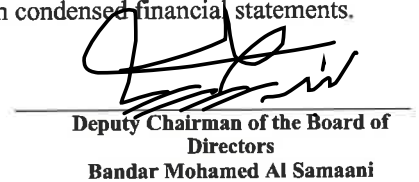
SADR LOGISTICS COMPANY
(A Saudi Joint Stock Company)
Interim Condensed Statement of Financial Position
As at 30 September 2023
(All amounts in Saudi Riyals unless otherwise stated)

		30 September 2023 (unaudited)	31 December 2022 (audited)
	Note		
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment		51,239,534	43,422,144
Intangible assets		3,089,642	1,846,279
Right-of-use assets	5.1	35,411,133	14,932,091
Net investments in finance lease	6	679,642	1,786,818
Total non-current assets		90,419,951	61,987,332
Current assets			
Other financial assets – investments	7	24,000,000	25,000,000
Inventories	8	43,739,305	40,423,356
Contract assets		1,572,839	4,951,041
Trade, other receivables and prepayments	9	75,792,432	61,576,049
Net investments in finance lease – current portion	6	3,972,346	4,477,721
Cash and cash equivalents		28,862,787	33,904,393
Total current assets		177,939,709	170,332,560
TOTAL ASSETS		268,359,660	232,319,892
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital		175,000,000	175,000,000
Statutory reserve		1,941,909	1,941,909
Actuarial reserve		(165,371)	(165,371)
(Accumulated losses)		(361,270)	(544,908)
Total equity		176,415,268	176,231,630
Liabilities			
Non-current liabilities			
Lease liabilities – non-current portion	5.2	21,789,909	5,697,581
Employees' post-employment benefits		4,392,553	3,709,914
Borrowings	10	-	257,806
Total non-current liabilities		26,182,462	9,665,301
Current liabilities			
Lease liabilities – current portion	5.2	12,818,789	10,782,766
Borrowings	10	4,797,194	1,065,816
Due to related parties	11	603,750	805,000
Contract liabilities		6,737,843	7,217,253
Trade and other payables		37,986,932	22,860,778
Zakat provision	12	2,817,422	3,691,348
Total Current liabilities		65,761,930	46,422,961
Total liabilities		91,944,392	56,088,262
TOTAL LIABILITIES AND EQUITY		268,359,660	232,319,892

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
Majid Abdullah Al Issa


Deputy Chairman of the Board of Directors
Bandar Mohamed Al Samaani

SADR LOGISTICS COMPANY

(A Saudi Joint Stock Company)

Interim Condensed Statement of Profit or Loss and Other Comprehensive Income**For the three-month and nine-month period ended 30 September 2023**

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the three-month period ended September 30		For the nine-month period ended September 30	
		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Revenues	13	20,938,363	33,555,194	78,091,266	69,800,278
Finance lease income	6	-	-	860,603	-
Cost of revenue		(16,545,162)	(29,945,720)	(64,208,257)	(59,659,449)
Gross profit		4,393,201	3,609,474	14,743,612	10,140,829
Marketing and selling expenses		(2,720,045)	(2,923,281)	(7,547,364)	(7,143,121)
General and administrative expenses		(2,350,270)	(2,096,188)	(7,322,246)	(7,148,525)
expected credit loss for trade receivables		-	(220,331)	-	-
Reversal of impairment on net investment in finance lease		-	381,636	-	800,447
Other revenues, net		49,559	38,060	205,820	127,401
Profit / (loss) from operations		(627,555)	(1,210,630)	79,822	(3,222,969)
Finance costs, net		(292,213)	(205,792)	(577,015)	(715,350)
Gains from investments carried at FVTPL		-	489,531	-	1,187,410
Gains from investments carried at amortized cost		704,472	-	2,180,831	-
Net profit / (loss) before zakat		(215,296)	(926,891)	1,683,638	(2,750,909)
Zakat	12	(500,000)	(1,692,992)	(1,500,000)	(2,692,992)
Net profit / (loss) for the period		(715,296)	(2,619,883)	183,638	(5,443,901)
Earning (loss) per share – (basic and diluted)	14	(0.004)	(0.015)	0.001	(0.031)
Other Comprehensive Income:		-	-	-	-
Total comprehensive income / (loss) for the period		(715,296)	(2,619,883)	183,638	(5,443,901)

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

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Chief Executive Officer

Majid Abdullah Al Issa



Deputy Chairman of the Board of Directors

Bandar Mohamed Al Samaani



SADR LOGISTICS COMPANY


(A Saudi Joint Stock Company)

Interim Condensed Statement of Changes in Equity**For the nine-month period ended 30 September 2023**

(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Actuarial reserve	Retained earnings / (Accumulated losses)	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	-	-	-	(5,443,901)	(5,443,901)
Balance as at 30 September 2022 (unaudited)	175,000,000	1,941,909	(743,238)	1,227,124	177,425,795
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	-	-	-	183,638	183,638
Balance as of 30 September 2023 (unaudited)	175,000,000	1,941,909	(165,371)	(361,270)	176,415,268


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



Chief Financial Officer
Ahmed Mostafa Kortam



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Majid Abdullah Al Issa



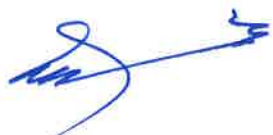
Deputy Chairman of the Board of Directors
Bandar Mohamed Al Samaani

SADR LOGISTICS COMPANY
(A Saudi Joint Stock Company)
Interim Condensed Statement of Cash Flows
For the nine-month period ended 30 September 2023
(All amounts in Saudi Riyals unless otherwise stated)

	30 September 2023 (unaudited)	30 September 2022 (unaudited)
<u>Cash flows from operating activities</u>		
Net profit / (loss) before Zakat	1,683,638	(2,750,909)
Adjustments for:		
Depreciation on property, plant and equipment	996,670	959,014
Amortization of intangible assets	46,875	46,875
Depreciation on right-of-use assets	8,266,480	6,867,560
Finance cost	577,014	846,174
Insurance for leased vehicles	92,991	50,760
Gain on disposal property, plant and equipment	-	(17,389)
Gain from net investments in finance lease	(860,603)	-
Provision for post-employment benefits	730,406	573,807
Gain from investments carried at FVTPL	-	(1,187,410)
Impairment reversed of net investment in finance lease	-	(800,447)
	11,533,471	4,588,035
Changes in working capital:		
Inventories	(3,315,949)	(12,251,986)
Contract assets	3,378,202	(1,662,602)
Trade, other receivables and prepayments	(14,216,383)	(21,831,945)
Finance lease income net.	-	3,512,501
Contract liabilities	(479,410)	3,837,066
Trade and other payables	15,126,154	5,377,357
Due to related parties	(201,250)	104,463
Employees' post-employment benefits paid	(47,767)	(33,676)
Zakat paid	(2,373,926)	(710,262)
Net cash generated from / (used in) operating activities	9,403,142	(19,071,049)
<u>Cash flows from investing activities</u>		
Proceeds from the sale of property, plant and equipment	-	17,391
Purchase of intangible asset	(1,290,238)	(779,646)
Addition to other financial assets – investments	(24,000,000)	(130,000,000)
proceeds to other financial assets – investments	25,000,000	70,250,913
Additions right of use assets	(170,679)	(761,651)
Purchase of property, plant and equipment	(8,814,060)	(31,162,588)
Net cash used in investing activities	(9,274,977)	(92,435,581)
<u>Cash flows from financing activities</u>		
Lease liabilities paid	(12,840,621)	(12,704,538)
Proceeds from leases	4,311,823	-
Proceeds from borrowing	4,603,945	-
Payment made for borrowings	(1,244,918)	(13,787,494)
Creditor's compensation and subscription to priority rights shares	-	(16,632,745)
Net cash used in financing activities	(5,169,771)	(43,124,777)
Net change in cash and cash equivalents	(5,041,606)	(154,631,407)
Cash and cash equivalent at the beginning of the period	33,904,393	169,267,117
Cash and cash equivalents at the end of the period	28,862,787	14,635,710
<u>Non-cash transactions:</u>		
Additions to the right of use assets	28,574,843	-
Additions in investment in finance lease	1,554,266	-
Additions in lease liability	30,129,112	9,930,679

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

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Ahmed Mostafa Kortam



Chief Executive Officer
Majid Abdullah Al Issa



Deputy Chairman of the Board of Directors
Bandar Mohamed Al Samaani



SADR LOGISTICS COMPANY

(A Saudi Joint Stock Company)

Notes to the Interim Condensed Financial Statements

For the nine-month period ended 30 September 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:

Branch Name	CR No.	City
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 Disclosed 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 nine-month period ended 30 September 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 if applicable.

The results for the nine-month period ended 30 September 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 nine-month period ended 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

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 nine-month period ended 30 September 2023**

(All amounts in Saudi Riyals unless otherwise stated)

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

	Buildings	Machines	Vehicles	Total
<u>Cost</u>				
Balance as of 31 December 2022 (audited)	32,147,870	2,281,071	1,332,300	35,761,241
Additions	24,470,322	-	4,275,200	28,745,522
Balance as of 30 September 2023 (un-audited)	56,618,192	2,281,071	5,607,500	64,506,763
<u>Accumulated depreciation</u>				
Balance as of 31 December 2022 (audited)	20,420,006	138,576	270,568	20,829,150
Depreciation	7,715,162	218,278	333,040	8,266,480
Balance as of 30 September 2023 (un-audited)	28,135,168	356,854	603,608	29,095,630
Net carrying value as at:				
30 September 2023 (un-audited)	28,483,024	1,924,217	5,003,892	35,411,133
31 December 2022 (audited)	11,727,864	2,142,495	1,061,732	14,932,091

5.2 Lease liabilities

The statement of financial position shows the following amounts relating to lease obligations:

	Buildings	Machines	Vehicles	Total
Balance as of 31 December 2022 (audited)	13,961,116	1,281,317	1,237,914	16,480,347
Additions	26,024,589	-	4,104,523	30,129,112
Finance cost	501,849	78,998	166,022	746,869
Insurance	-	8,561	84,430	92,991
Payments	(11,604,309)	(425,266)	(811,046)	(12,840,621)
Balance as of 30 September 2023 (un-audited)	28,883,245	943,610	4,781,843	34,608,698

	30 September 2023	31 December 2022
	(Un-audited)	(Audited)
<i>Analyses between:</i>		
Current liabilities	12,818,789	10,782,766
Non-current liabilities	21,789,909	5,697,581
	34,608,698	16,480,347
<u>Maturity analysis</u>		
Not later than one year	15,156,625	11,341,150
Later than one year and not later than 5 years	22,979,400	5,478,486
Later than 5 years	624,178	655,702
	38,760,203	17,475,338
Less: effect of discounting	(4,151,505)	(994,991)
	34,608,698	16,480,347

SADR LOGISTICS COMPANY

(A Saudi Joint Stock Company)

Notes to the Interim Condensed Financial Statements

For the nine-month period ended 30 September 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.

There are additions to leased vehicles from Yanal Company for a period of three years ending in ownership which resulted in addition of 4,275,200 Saudi Riyals in right of use and 4,104,524 Saudi Riyals in lease liability.

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:

	30 September 2023	30 September 2022
	(Un-audited)	(Un-audited)
Finance cost of lease liabilities (note 5.2)	746,869	734,128
Depreciation expense (note 5.1)	8,266,480	6,867,560
Short term and low value operating leases expense	421,483	250,339
Finance income from investment in finance lease	284,400	130,825
Finance lease income	860,603	-

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 an amount of SR 2,673,986 for a period of three years ended 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 nine-month period ended 30 September 2023**

(All amounts in Saudi Riyals unless otherwise stated)

7. OTHER FINANCIAL ASSETS

Other 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 24 million for more than 90 days. Investments in Murabaha carry a profit at the rate of 5.80% to 5.90% annually and have maturity dates ranging from 91 to 180 days these investments are reclassified based on their maturity dates that less than 90 days classified as cash and cash equivalents and more than 90 days is classified as other financial assets.

8. INVENTORIES

	30 September 2023	31 December 2022
	(Un-audited)	(Audited)
Raw material	34,175,373	19,202,017
Finished goods	8,849,592	7,875,193
Spare parts and supplies	1,372,703	1,304,767
Work in progress	504,468	744,743
Goods in transit	-	12,459,467
	44,902,136	41,586,187
Less: provision for obsolescence of inventories	(1,162,831)	(1,162,831)
	43,739,305	40,423,356

The cost of inventories recognized as an expense during the period in respect of continuing operations was 49,316,298 Saudi Riyals September 2022: 45,909,048 Saudi Riyals.

9. TRADE, OTHER RECEIVABLES AND PREPAYMENTS

	30 September 2023	31 December 2022
	(Un-audited)	(Audited)
Trade receivables – customers	68,351,253	55,261,236
Trade receivables – government	986,073	308,358
Allowance for expected credit losses	(3,286,196)	(3,574,620)
Net trade receivables	66,051,130	51,994,974
Advanced to suppliers	5,150,891	5,262,577
Employee loans	676,955	656,278
Accrued profit on Murabaha	613,387	300,694
Prepayments	369,836	194,276
Insurance	429,283	401,500
Prepaid subscription	279,231	239,127
Prepaid VAT	1,542,045	-
Prepaid rent	262,275	98,058
Margin deposits for letters of guarantee	417,399	2,428,565
	75,792,432	61,576,049

SADR LOGISTICS COMPANY

(A Saudi Joint Stock Company)

Notes to the Interim Condensed Financial Statements**For the nine-month period ended 30 September 2023**

(All amounts in Saudi Riyals unless otherwise stated)

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.

	Lifetime ECL - not credit Impaired		Lifetime ECL – credit impaired	Total
	Collectively Assessed	individually assessed		
Balance as at 1 January 2022 (audited)	2,092,907	-	-	2,092,907
Remeasurement loss charged	1,481,713	-	-	1,481,713
Balance as at 31 December 2022 (audited)	3,574,620	-	-	3,574,620
Write off	(288,424)	-	-	(288,424)
Balance as at 30 September 2023 (un-audited)	3,286,196	-	-	3,286,196

10. BORROWINGS

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

	Currency	Interest rate	Year of maturity	Balance as at 30 September 2023 (Un-audited)	Balance as at 31 December 2022 (Audited)
Working Capital Financing & Long-Term Assets Financing	SAR	4%	2024	85,862	257,806
Working Capital Financing & Long-Term Assets Financing	SAR	4%	2023	4,711,332	1,065,816
				4,797,194	1,323,622
Analysed between:					
-current portion				4,797,194	1,065,816
-non-current portion				-	257,806
Totals				4,797,194	1,323,622

Movement in borrowings for the nine-month period ended 30 September 2023 is as follows:

	30 September 2023 (Un-audited)	31 December 2022 (Audited)
Balance at the beginning of the period / year	1,323,622	14,205,068
Additions during the period / year	4,603,945	718,136
Finance cost during period / year	114,545	279,334
Paid during the period / year	(1,244,918)	(13,878,916)
Balance at the end of the period / year	4,797,194	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:

	30 September 2023		30 September 2022	
	BOD members and committees	Executive management	BOD members and committees	Executive management
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
BOD members and committees' remuneration	603,750	232,821	603,750	826,660
BOD and committee's attendance allowance	67,500	-	127,500	-
Salaries and wages	-	1,483,824	-	1,620,817
End of service	-	110,550	-	113,958
	671,250	1,827,195	731,250	2,561,435

The amount due to above related parties with respect to remuneration for BOD members and Committees amounted to 603,750 Saudi Riyals at 30 September 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.

Zakat movement

	30 September 2023	31 December 2022
	(Un-audited)	(Audited)
Balance at the beginning of the year / period	3,691,348	861,212
Charged for the year / period	1,500,000	3,690,301
Payment during the year / period	(2,373,926)	(860,165)
Balance at the end of the year / period	2,817,422	3,691,348

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**

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<i>Sales of products</i>				
- Steel products	196,341	160,186	572,738	911,765
- Wooden products	3,691,586	18,613,711	30,086,668	28,275,535
- Other products	2,080,470	444,960	2,410,382	1,329,661
<i>Projects revenue</i>				
- Steel (racking systems)	10,016,994	10,694,571	30,473,799	28,138,896
- Logistics services	4,952,972	3,641,766	13,119,978	11,144,421
- Other services	-	-	1,427,701	-
	20,938,363	33,555,194	78,091,266	69,800,278

Timing of revenue recognition

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<i>At a point in time</i>				
- Steel products	196,341	160,186	572,738	911,765
- Wooden products	3,691,586	18,613,711	30,086,668	28,275,535
- Other products	2,080,470	444,960	2,410,382	1,329,661
- Other services	-	-	1,427,701	-
	5,968,397	19,218,857	34,497,489	30,516,961
<i>Over time</i>				
- Steel (racking systems)	10,016,994	10,694,571	30,473,799	28,138,896
- Logistics services – 3PL party	4,952,972	3,641,766	13,119,978	11,144,421
	14,969,966	14,336,337	43,593,777	39,283,317
Total revenue	20,938,363	33,555,194	78,091,266	69,800,278

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.

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13. REVENUE (continued)

	For the nine month period ended	
	30 September	30 September
	2023	2022
	(Un-audited)	(Un-audited)
- Steel (racking systems)	14,024,278	10,256,987
- Logistics services – 3PL contracts	51,194,000	10,769,200
	65,218,278	21,026,187

Management expects that 100% of the entire transaction price allocated to the unsatisfied contracts related to steel projects as of 30 September 2023 will be recognized as revenue till 31 December 2023. For logistics services unsatisfied contracts will be fully recognized at July 2026.

14. EARNINGS PER SHARE (EPS)

The extraordinary general assembly of the company approved on 14 June 2023 the recommendation of the Board of Directors on 13 May 2023 to split the nominal value of the share from 10 SAR per share to one SAR per share, consequently bringing the number of shares of the company to 175,000,000 shares instead of 17,500,000 shares, the increase in shares shall be taken retroactively when calculating earnings per share for the current and comparative periods.

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 175,000,000 shares (2022: 175,000,000 shares).

	For the three-month period ended		For the nine-month period	
	September 30		ended September 30	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit / (Loss) for the period	(715,296)	(2,619,883)	183,638	(5,443,901)
Weighted average number of shares outstanding	175,000,000	175,000,000	175,000,000	175,000,000
Earnings /(loss) per share (basic and diluted)	(0.004)	(0.015)	0.001	(0.031)

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.

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15. SEGMENT INFORMATION (continued)

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 nine months period ended 30 September 2023 and 30 September 2022 and as of December 31, 2022, categorized by these business segments, is as follows:

30 September 2023**(unaudited)**

	Steel	Wood	Logistics	All others	Total
Total Assets	147,289,93	46,085,766	69,627,967	5,355,996	268,359,660
Total Liabilities	21,760,789	10,648,109	59,045,869	489,625	91,944,392
Revenue	31,046,537	30,086,668	13,119,978	3,838,083	78,091,266
Finance lease income	-	-	860,603	-	860,603
Cost of Revenue	21,982,737	27,947,154	11,800,428	2,477,938	64,208,257
Gross profit	9,063,800	2,139,514	2,180,153	1,360,145	14,743,612
Net profit (loss) for the period	1,210,838	(365,358)	(366,365)	(295,477)	183,638

31 December 2022(audited)

	Steel	Wood	Logistics	All others	Total
Total assets	54,983,930	26,905,039	149,193,762	1,237,161	232,319,89
Total Liabilities	17,430,234	12,481,815	24,931,268	1,244,945	56,088,262
30 sept. 2022 (unaudited)					
Revenue	29,050,661	28,275,535	11,144,421	1,329,661	69,800,278
Cost of Revenue	22,920,554	24,432,908	11,396,889	909,098	59,659,449
Gross profit	6,130,107	3,842,627	(252,468)	420,563	10,140,829
Net profit (loss) for the period	(4,116,379)	450,545	(2,093,553)	315,486	(5,443,901)

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 (30 September 2022: 14.5 million Saudi Riyals) 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.

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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 do 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 1,555,000 Euros and 83,500 United States Dollars (USD), equivalent to 6,487,243 Saudi Riyals. The Company has paid an amount of 39,500 United States Dollars (USD) and 1,111,000 Euros, being equivalent 4,559,158 Saudi Riyals and the remaining amount is 444,000 Euro and 44,000 (USD) being equivalent to 1,928,084 Saudi Riyals. Management expects that an amount of 177,600 Euro and 44,000 (USD) equivalents to 870,477 Saudi Riyals to be paid during 2023 which represents 45%, the remaining 266,400 Euro being equivalent to 1,057,608 Saudi Riyals will be paid during the year 2024.

The Company has capital commitments with local companies to purchase machinery and equipment amounting to 376,000 Saudi Riyals, the company has paid an amount of 216,800 Saudi Riyals and the remaining amount of 159,200 to be paid during 2023.

The Company has a capital commitment for development of intangible assets (ERP system) from local companies amounting to 2,672,251 Saudi Riyals. An amount of 1,214,184 Saudi Riyals has been paid, and the remaining amount 1,458,067 is expected to be paid during the year 2024.

(Capital commitments as of 31 December 2022 was 10,555,208 Saudi Riyals out of which 2,237,129 Saudi Riyals was paid)

18. SUBSEQUENT EVENTS

On 1 October 2023 Sadr Logistics Services Company started the commercial operation of the wooden storage pallet factory in the second industrial zone in Riyadh, affiliated with the Saudi Authority for Industrial Cities, after completing all requirements and licenses necessary to start the operations. The company had purchased the factory in October 2021 and proceeded to rehabilitating it and importing the necessary equipment from the best international companies. It is planned that the factory will operate in the first phase with a production capacity of up to 75 thousand wooden pallets per month by the end of 2023, and as a second phase with a production capacity of up to 150 thousand wooden pallets per month by the end of 2024.

Sadr Logistics Services Company, with the approval of the company's Board of Directors, approved the establishment of the Logistics Services Complex Project (Sadr Park), provided that work on the project begins on 1 October 2023, which will be built on the purchased land in the Industrial Gate City in Riyadh under the supervision of the Saudi Authority for Industrial Cities and Technology Zones, where The company's Board of Directors decided to approve the project budget and sign the main contractor contract for the project.

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18. SUBSEQUENT EVENTS (continued)

Sadr Logistics Company signed on 1 October 2023 a contract to manufacture and supply storage racking systems for Al Saif Commercial Agencies Company's warehouse.

19. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The Interim Condensed Financial Statements have been approved by the Board of Directors on 18 Rabi 'II 1445H (corresponding to 2 November 2023).
