

SAUDI INDUSTRIAL EXPORT COMPANY
(A SAUDI JOINT STOCK COMPANY)
RIYADH – SAUDI ARABIA
INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS
ENDED SEPTEMBER 30, 2023
WITH INDEPENDENT AUDITOR'S REVIEW REPORT

SAUDI INDUSTRIAL EXPORT COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY) – RIYADH

INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023

WITH INDEPENDENT AUDITOR'S REVIEW REPORT

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

**TO THE SHAREHOLDERS OF SAUDI INDUSTRIAL EXPORT COMPANY
A SAUDI CLOSED JOINT STOCK COMPANY
RIYADH – KINGDOM OF SAUDI ARABIA**

Introduction:

We have reviewed the interim condensed statement of financial position of "Saudi Industrial Export Company (A Saudi Closed Joint Stock Company) - (the "company")", as of September 30, 2023, the interim condensed statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended at September, 30, 2023, the interim condensed statement of changes in shareholders equity and the interim condensed statement of cash flows for nine month then ended, and summary of significant accounting policies and other explanatory notes which form an integral part of these interim condensed financial statements.

Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with IAS 34 "Interim Financial Reporting. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of limited review:

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Statements Information performed by the Independent Auditor of the Entity" That is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited 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 limited review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements do not present fairly in all material respects, in accordance with IAS 34. That is endorsed in the Kingdom of Saudi Arabia.

Other matters:

The company's interim condensed financial statements for the nine-month period ending on September 30, 2022, were reviewed by another auditor, who expressed an unqualified conclusion on those interim condensed financial statements on Rabi' II 14, 1444H (corresponding to November 08, 2022). He also audited the company's financial statements for the year ended on December 31, 2022, and expressed an unqualified opinion on those financial statements in his report dated Shab'an 03, 1444H (corresponding to February 23, 2023).

Al-Khobar: Rabi' II 22, 1445H
November 06, 2023



FOR EL SAYED EL AYOUTY & CO.

A. Balamash

Abdullah Ahmad Balamash
Certified Public Accountant
License No. (345)

SAUDI INDUSTRIAL EXPORT COMPANY

(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS OF SEPTEMBER 30, 2023

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Sep. 30, 2023 (Unaudited)	31-12-2022 (Audited)
Assets			
Non-current assets			
Property, plant and equipment - Net		390,868	571,642
Intangible assets - Net		15,530	20,522
Total non-current assets		406,398	592,164
Current assets			
Investments carried at FVTPL	(6)	59,044,407	58,833,555
Trade receivables – Net	(7)	6,138,384	2,101,134
Prepayments and other debit balances – Net	(8)	6,286,374	14,600,006
Amounts due from shareholders	(10.2)	1,344,719	2,144,246
Short-term bank deposits	(9)	31,774,968	30,583,333
Cash and cash equivalents	(11)	51,214,130	59,837,810
Total current assets		155,802,982	168,100,084
Total Assets		156,209,380	168,692,248
Equity and liabilities			
Equity			
Share capital	(12)	194,400,000	194,400,000
Statutory reserve	(14)	642,645	642,645
Accumulated (losses)		(46,472,241)	(35,494,678)
Actuarial reserve		473,761	473,761
Total equity		149,044,165	160,021,728
Liabilities			
Non-current liabilities			
Employees' defined benefit obligations		420,924	345,915
Total non-current liabilities		420,924	345,915
Current liabilities			
Trade payables		195,521	349,880
Accrued expenses and other current liabilities	(15)	1,411,247	1,769,738
Amounts due to shareholders	(10.3)	3,740,851	3,742,671
Zakat provision	(16)	1,396,672	2,462,316
Total current liabilities		6,744,291	8,324,605
Total Liabilities		7,165,215	8,670,520
Total equity and Liabilities		156,209,380	168,692,248



CFO
Ahmed Talat Abd Alaziz



CEO
Sulaiman Hamad Al Jedaie



Chairman
Hatem Hamad Alsuhailani

The attached notes from (1) to (23) form an integral part of these interim condensed financial statements

SAUDI INDUSTRIAL EXPORT COMPANY

(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED) FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the three months period ended		For the nine months Period ended	
		Sep. 30, 2023 (Un-audited)	Sep. 30, 2022 (Un-audited)	Sep. 30, 2023 (Un-audited)	Sep. 30, 2022 (Un-audited)
Revenue	(17)	5,462,774	75,009	12,620,155	181,223
Cost of revenue		(5,368,162)	(22,920)	(12,969,837)	(22,920)
Gross profit		94,612	52,089	(349,682)	158,303
General and administrative expenses		(5,204,479)	(9,033,719)	(14,490,965)	(15,346,352)
Unrealized (losses) on investments carried at FVTPL	(6)	(365,680)	---	(365,680)	(401,735)
Realized (losses) on disposal of investments carried at FVTPL	(6)	(308,688)	(401,735)	6,444,791	---
Impairment of other current assets	(8)	---	---	(110,834)	(2,992,631)
(Allowance)/ reversal for expected credit losses	(7.2, 8.1)	(3,209,484)	4,245,245	(3,424,800)	245,245
Other income		---	80,454	122,086	494,045
Operating loss		(8,993,719)	(5,057,666)	(12,175,084)	(17,843,125)
Finance costs		---	(9,478)	---	(33,064)
Short term bank deposits income	(9)	352,854	154,000	1,197,521	154,000
Net (losses) for period before zakat		(8,640,865)	(4,913,144)	(10,977,563)	(17,722,189)
Zakat		---	(134,064)	---	(134,064)
(Losses) from continuing operations		(8,640,865)	(5,047,208)	(10,977,563)	(17,856,253)
Losses of discontinued operations	(19)	---	(283,380)	---	(283,380)
Net (losses) for the period after zakat		(8,640,865)	(5,330,588)	(10,977,563)	(18,139,633)
Other comprehensive income:					
Item that will not be reclassified subsequently to profit or loss:					
Re-measurement (losses) on employee benefit obligations		---	---	---	---
Total comprehensive income for the period		(8,640,865)	(5,330,588)	(10,977,563)	(18,139,633)
Basic and diluted per share from:-					
(Losses) from continuing operations	(20)	(0.44)	(0.26)	(0.56)	(1.50)
(Losses) from discontinued operations	(19)	---	(0.015)	---	(0.024)



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SAUDI INDUSTRIAL EXPORT COMPANY

(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED) FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

(All amounts are in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Accumulated (losses)	Actuarial reserve	Total equity
Nine-month period ended September 30, 2022					
Balance as at 1 January 2022 – (Audited)	64,800,000	642,645	(52,837,550)	357,333	12,962,428
Absorption of losses through share capital	(43,200,000)	---	43,200,000	---	---
Increasing the capital through issuing priority rights	172,800,000	---	---	---	172,800,000
Transaction cost related to a rights issue	---	---	(4,764,120)	---	(4,764,120)
Net (losses) for the period	---	---	(18,139,633)	---	(18,139,633)
Other comprehensive income for the period	---	---	---	---	---
Balance as at September 30, 2023 (un-audited)	194,400,000	642,645	(32,541,303)	357,333	162,858,675
Nine-month period ended September 30, 2023					
Balance as at 1 January 2023 – (Audited)	194,400,000	642,645	(35,494,678)	473,761	160,021,728
Net (losses) for the period	---	---	(10,977,563)	---	(10,977,563)
Other comprehensive income for the period	---	---	---	---	---
Balance as at September 30, 2023 (un-audited)	194,400,000	642,645	(46,472,241)	473,761	149,044,165



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SAUDI INDUSTRIAL EXPORT COMPANY

(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

(All amounts are in Saudi Riyals unless otherwise stated)

	For the nine month period ended Sep. 30, 2022 (Unaudited)	For the nine month period ended Sep. 30, 2022 (Unaudited)
Cash flows from operating activities:		
Net (losses) from continuing operations for the period before zakat	(10,977,563)	(17,722,189)
(Losses) from discontinued operations	---	(283,380)
Adjustments for:		
Depreciation of property, plant and equipment	150,399	299,845
Amortization of intangible assets	4,992	62,405
Depreciation of right-of-use assets	---	153,951
Allowance for expected credit losses	3,424,800	(245,245)
Provision for balances of current assets and liabilities	110,834	2,992,631
Realized (gains) on disposal of investments carried at FVTPL	(6,444,694)	---
Unrealized losses on investments carried at FVTPL	365,681	401,735
Employees' defined benefit obligations	182,621	135,910
Bank deposit	(1,191,635)	(154,000)
Loss / (gain) from sale of property, plant and equipment	87,265	(11,664)
Finance cost	---	33,064
	(14,287,300)	(14,336,937)
Changes in working capital items:		
Trade receivables	(7,462,050)	6,327,348
Prepayments and other debit balances	8,202,797	(4,518,891)
Trade payables	(154,359)	(951,764)
Accrued expenses and other current payables	(358,491)	2,005,307
Defined benefit obligations paid to employees	(107,612)	(146,016)
Zakat paid	(1,065,644)	(882,826)
Net cash (used in) operating activities	(15,232,659)	(12,503,779)
Cash flows from investing activities		
Additions to property, plant and equipment	(60,810)	(57,575)
Additions to intangible assets	---	(26,624)
Proceeds from sale of property, plant and equipment	3,920	11,664
Investing short-term bank deposits	---	(30,000,000)
Acquisition of financial investments listed at fair value through profit or loss	(76,796,712)	(53,319,084)
Proceeds from the sale of financial investments listed at fair value through profit or loss	81,989,874	1,319,084
Proceeds from financial investments carried at fair value through profit or loss	675,000	---
Net cash generated from / (used in) from investing activities	5,811,272	(82,072,535)
Cash flows from financing activities		
Capital increase during rights issue (Note: 12)	---	172,800,000
Change in amounts due to shareholders	(1,820)	973,125
Change in amounts due from shareholders	799,527	(4,355,914)
Transaction cost related to the rights issue (Note: 13)	---	(4,764,120)
Lease obligations paid	---	(370,795)
Net cash generated from financing activities	797,707	164,282,296
Net change in cash and cash equivalents	(8,623,680)	69,705,982
Cash and cash equivalents at the beginning of the period	59,837,810	7,480,359
Cash and cash equivalents at the end of the period	51,214,130	77,186,341
Non-cash transactions		
Absorption of losses through share capital (Note: 12)	---	43,200,000



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SAUDI INDUSTRIAL EXPORT COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to the interim condensed financial statements (unaudited) for the nine month period ended
September 30, 2023

1- Status and nature of business

- Saudi Industrial Export Company is a Saudi Joint Stock Company (the "Company"), established pursuant to the Minister of Industry and Trade resolution, No. 954 dated 12 Dhu al-Qidah 1410H. corresponding to 5 June 1990. The Company is registered under Commercial Register No. 1010077554 issued in Riyadh on 25 Dhu al-Qidah 1410H. corresponding to 18 June 1990. Unified entity no. 7001344865.
- The Company's head office is located in:
P.O. Box 21977
Riyadh 11485
Kingdom of Saudi Arabia
- The Company's issued and authorized capital amounts to 194,400,000 Saudi Riyals divided into 19,440,000 shares of 10 Saudi Riyals each.
- The Company operates through the following branches, which assets, liabilities and operational results have been included in these interim condensed financial statements: (Note: 21)

Branch name	City	CR number	Registration date
Saudi Industrial Export Company Branch	Riyadh	1010598789	14/2/1441 H
Saudi Industrial Export Company Branch	Riyadh	1010620859	11/5/1441 H
Saudi Industrial Export Company Branch	Riyadh	1010618735	27/4/1441 H
Saudi Industrial Exports Company - UAE Branch	Dubai	1473310	12/12/2019u

- The Company is engaged in the wholesale of lubricating oils and refined petroleum products, the wholesale of cement, plaster and the like, the wholesale of primary plastic materials, rubber and synthetic fibers, and storage in ports and customs or free zones.
- The activity of the branch of the Saudi Industrial Export Company - Commercial Registration No. 1010598789 is represented in the loading and unloading of air cargo planes, transporting goods by sea and directing cargo transport vehicles.
- The branch of the Saudi Industrial Export Company - Commercial Registration No. 1010620859 - is engaged in wholesale food and beverages, storage in grain and flour silos warehouses, food and agricultural products inventory, and dry food inventory.
- The branch of the Saudi Industrial Export Company - Commercial Registration No. 1010618735 - is engaged in the wholesale sale of chemicals.
- The activity of the Saudi Industrial Export Company - UAE branch - is engaged in general trade under the industrial license issued by Decision No. 868310 on 15 Rabi' al-Akhir 1441H corresponding to 12 December 2019.
- The activity of the Saudi Industrial Exports Company - Sudan Branch - was engaged in import and export under the commercial license issued by Resolution No. 2450 dated 1 Rabi' al-Akhir 1441 H, corresponding to November 28, 2019 In the free zone Qura. During 2022, the Company terminated the license to practice the activity and the lease contract associated with it.
- SARA Medical Supplies Factory - branch of Saudi Industrial Export Company - was engaged in the manufacture of disinfectants and sterilizers for medical products and devices, the manufacture of disinfectants and sterilizers for non-medical use, the wholesale sale of soap and detergents, the retail sale of medical devices, equipment and supplies under the industrial license amended by Decision No. 247 dated 28 Muharram 1439H corresponding to 18 October 2017. During 2022, the Company cancelled the commercial registration on 13 Jamaad Alwal 1444 corresponding to 7 December 2022 (Note 8).

- ❖ The Company's fiscal year commences at the beginning of January and ends at the end of December of each Gregorian calendar year.

1.1 Significant matters

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to June 30, 2022) was approved, which has implemented on 26/6/1444H (corresponding to 19/1/2023). The new Companies Law replaces the old Companies Law issued through Royal Decree No. M/3 dated 28/1/1437H and cancels all conflicting provisions of the Law, and the existing companies after implementing of the new Companies Law have to amend their status in accordance with it's provisions for the period not later than two years from the date of implementation. However, the management shall study the latest amendments of the law to take it's advantages with the commitment to amend the company's status in accordance with the judgments of the law during the specified grace period.

SAUDI INDUSTRIAL EXPORT COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to the interim condensed financial statements (unaudited) for the nine month period ended September 30, 2023

2- Basis of preparation

2.1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS 34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These interim condensed financial statements do not include all the information and disclosures required in a complete set of annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2022. In addition, the results of the operations of the interim periods are not necessarily indicative of the results of the operations for the whole year.

2.2. Measurement basis

These interim condensed financial statements have been prepared on the historical cost basis, except for investments carried at FVTPL which is recognized at fair value and the recognition of employees' defined benefit obligations at the present value of future obligations using the projected unit credit method.

2.3 Functional and presentation currency

These interim condensed financial statements are presented in Saudi Riyals (SR), which is the Company's functional and presentation currency.

2.4 Going concern basis of accounting

The interim condensed financial statements have been prepared on the going concern basis, which assumes that the Company will continue its activities for the foreseeable future.

The Company is working on expanding the business model by entering into operations complementary to the Company's activity according to the by-laws to include storage operations in regional and international free zones, in addition to entering into import operations for raw materials and expanding transportation operations for the Company's account and for the account of others. In addition, the Company's management is working to trade in items with a high profit margin, such as foodstuffs. In 15 February 2022, the share capital has been restructured by absorption of accumulated losses through capital reduction from SR 64.8 million to SR 21.6 million. Furthermore, during 2022, the Company completed the regulatory requirements to increase the share capital through rights- issue amounting to SR 172.8 million (note 12).

The management reasonably expects the Company to continue as a going concern for the foreseeable future by activating its new strategy which already implemented starting July 2022 and the business plan that was submitted to the related regulatory and obtained the approvals for the capital increase.

2.5 Significant accounting estimates, assumptions and judgments

The preparation of interim condensed financial statements (unaudited) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures about assets and contingent liabilities at the date of the financial statements, the amounts of revenues and expenses declared, disclosure of contingent liabilities on the financial statements and the amounts of revenues and expenses of the declared values during the reporting period. Although these estimates and judgments are based on the best information available to management on operations and current events, actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation in these financial statements were the same as those that applied to the financial statements as at and for the year ended 31 December 2022.

3- New standards, amendments to standards and interpretations

There are no new standards applicable to the Company. However, there are number of amendments to existing standards which are effective from 1 January 2023, which have been explained in the annual financial statements of the Company, but do not have a material effect on these interim condensed financial statements.

4- Significant accounting policies

The accounting policies adopted in the preparation of these 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.

SAUDI INDUSTRIAL EXPORT COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to the interim condensed financial statements (unaudited) for the nine month period ended
September 30, 2023

5- Fair value measurement

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. 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
- the most advantageous market for the asset or liability In the absence of a principal market, in.

The principal or the most advantageous market must be accessible by the Company. 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. Fair value measurement of a non-financial assets takes into account a market participants' ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets and liabilities can be obtained at the measurement date.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly observable (such as prices) or indirectly (derived from prices).

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (unobservable inputs). For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level significant input to the fair value measurement as a whole) at the end of the period. the report. The Company sets policies and procedures for both recurring fair value measurements and non-recurring fair value measurements.

At each reporting date, the Company analyzes changes in the values of assets and liabilities that must be remeasured or revalued in accordance with the Company's accounting policies. For this analysis, the Company verifies the main inputs applied in the last evaluation by matching the information in the evaluation calculation with contracts and other related documents. The Company also compares the change in the fair value of each asset or liability with other external sources to determine whether the change is reasonable. For the purposes of fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as described above.

SAUDI INDUSTRIAL EXPORT COMPANY

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Notes to the interim condensed financial statements (unaudited) for the nine month period ended September 30, 2023

(All amounts are in Saudi Riyals unless otherwise stated)

6- Investments carried at Fair Value Through Profit or Loss (FVTPL)

	Sep. 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)
Investment in financial assets at fair value (a)	2,425,385	11,496,855
Investment in mutual Funds (b)	56,619,022	47,336,700
	59,044,407	58,833,555

a. Investment in financial assets measured at fair value though profit or loss are represented in a managed portfolio for the benefit of the Company for the purpose of trading in listed equities shares in Saudi capital exchange market in compliance with Islamic sharia; the following represents the movement of Investments carried at FVTPL:

	Sep. 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)
Balance At the beginning of the period/ year	11,496,855	---
Additions during the period/ year	36,796,615	20,943,102
Disposals during the period/ year	(51,317,522)	(8,445,406)
Realized gains on disposal of investments carried at FVT	5,342,471	395,492
Changes in fair value measurement of investments carried at FVTPL at end of the period/ year *	106,966	(1,396,333)
Balance at the end of the period/ year	2,425,385	11,496,855

b. The investment in mutual funds in compliance with Islamic sharia details as follow:

	Number of Units (units)		Carrying amount (Saudi Riyals)	
	Sep. 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)	Sep. 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)
Al-Badr Murabaha Fund - SAR	---	1,874,414	---	30,295,033
Tasharuk Fund	200	100	20,091,667	10,041,667
Blom Hajar Real Estate Fund	7,000	7,000	7,071,004	7,000,000
Mieyar Fund for Saudi shares	1,500,000	---	14,879,250	---
Al-Nafie Petrochemical Fund	1,500,000	---	14,577,101	---
			56,619,022	47,336,700

The movement during the period / year as follow:

	Sep. 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)
Balance At the beginning of the period/ year	47,336,700	---
Additions during the period / year	40,000,000	47,000,000
Disposals during the period / year	(30,672,352)	---
Realized gains of investments carried at FVTPL	1,102,320	---
Proceeds received during the period	(675,000)	---
Changes in fair value measurement of investments carried at FVTPL at end of the period / year *	(472,646)	336,700
Balance at the end of the period/ year	56,619,022	47,336,700

* Changes in fair value measurement of investments carried at FVTPL at end of the period presented at net basis in interim condensed statement of profit or loss and other comprehensive income within "Unrealized gains on financial investments carried at FVTPL" with net amount of SR 365,680 (for the year ended 31 December 2022: net loss amount of SR 1,059,633).

SAUDI INDUSTRIAL EXPORT COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to the interim condensed financial statements (unaudited) for the nine month period ended September 30, 2023

(All amounts are in Saudi Riyals unless otherwise stated)

7- Trade receivables - Net

	Sep. 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)
Gross trade receivables (Note: 7.1)	7,865,647	3,309,440
Allowance for expected credit losses (Note: 7.2)	(1,727,263)	(1,208,306)
	<u>6,138,384</u>	<u>2,101,134</u>

7.1. Aging of receivables

	Sep. 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)
01 to 30 days	---	332,045
31 to 90 days	6,036,479	---
91 to one year	29,919	388,491
More than one year	1,799,249	2,588,904
	<u>7,865,647</u>	<u>3,309,440</u>

7.2. The movement in the allowance for expected credit losses is as follows:

	Sep. 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)
At the beginning of the period/ year	1,208,306	4,882,368
Provision / (reversal) for the period/ year	518,957	(1,014,152)
Written off trade receivables during the period/ year **	---	(2,659,910)
At the end of the period/ year	<u>1,727,263</u>	<u>1,208,306</u>

8- Prepayments and other debit balances – Net

	Sep. 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)
Receivables from SARA factory assets sale *	1,307,528	5,332,527
Advance payments to suppliers	6,647,310	6,620,351
	<u>7,954,838</u>	<u>11,952,878</u>
Allowance for expected credit losses (Note: 8.1)	(3,016,677)	---
	<u>4,938,161</u>	<u>11,952,878</u>
Prepaid expenses	611,206	2,435,340
Employees' receivables	138,688	186,277
VAT	564,109	---
Others	34,210	25,511
	<u>6,286,374</u>	<u>14,600,006</u>

8.1. Movement of allowance for expected credit as the following:

	Sep. 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)
At the beginning of the period/ year	---	---
Provided during the period / year	3,016,677	---
At the end of the period/ year	<u>3,016,677</u>	<u>---</u>

- * On August 11, 2022, the company's board of directors decided to assign Sarah Factory for Medical Supplies due to its economic viability and to reduce general and administrative expenses according to the company's new strategy and business plan, and during 2022, the company sold the factory's net assets and the commercial registration was written off on the date of Jumada 13, 1444H (corresponding to December 07, 2022).

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9- Short term bank deposits

Represents deposits with a local bank in compliance with Islamic Sharia carrying an annual commission rate of 5.55% and mature within one year. The income from these deposits is included within "short term bank deposits income" in the interim condensed statement of profit or loss and other comprehensive income. The Company earned an amount of SR. 1,197,521 as of September 30, 2023 (As of 31 December 2022: an amount of SR 583,333), which have been deposited to the Company's bank account at the maturity date.

	Sep. 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)
At the beginning of the period / year	30,583,333	---
Additions during the period / year	---	30,000,000
Adjustments *	(5,886)	---
Accrued bank deposit income	1,197,521	583,333
At the end of the period / year	31,774,968	30,583,333

- On September 03, 2023, the deposit was due with a total value of SR. 31,729,791, and fees and taxes amounting to SR. 45,125 were deducted. On September 12, 2023, the deposit was renewed at a value of SR. 31,684,667 for a period of one month ending on October 11, 2023.

* The adjustments represent the value of VAT on bank fees

10-Related parties' transactions and related balances

10-1 Transactions during the period

	For the three months period ended		For the nine months Period ended	
	Sep. 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)	Sep. 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)
Board of Directors attendance allowance	296,000	48,000	832,408	120,000
Salaries and benefits of key management personnel *	863,918	624,343	2,645,228	1,429,693
Refunds from the sale of capital reduction fractions	---	712,150	---	712,150
Excess subscription capital	---	76,540,570	---	76,540,570

* Compensation for key management personnel consists of salaries, benefits, and defined benefit obligations for top management.

10-2 Amounts due from shareholders

	Sep. 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)
Receivables from shareholders	1,344,719	2,144,246

10-3 Due to shareholders

	Sep. 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)
Share capital subscription surplus (*)	437,136	437,136
Dividend payable (**)	2,369,766	2,369,766
Refunds from the sale of capital reduction fractions (***)	34,109	34,109
Rights-issue holders' compensation share capital increase (Note 12.c) (****)	899,840	901,660
	3,740,851	3,742,671

*) The balance of the share capital subscription surplus represents the subscription amounts received from eligible shareholders who exercised their right to subscribe to newly issued shares and those entitled to fractional shares. The remaining balance of the surplus amounts to SR 437,136. As at September 30, 2023 and 31 December 2022, the Company is not able to transfer these amounts due to the lack of availability or completeness of bank account information.

**) This balance represents dividends payable to the shareholders for the profits of previous years, which the shareholders did not present to receive it until the date of approval of these interim condensed financial statements.

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10. Related parties transactions and related balances...(Continued)

10-3 Due to shareholders...(Continued)

***) The balance of the amounts returned from the sale of fractional shares of the capital reduction represents the entitlements of the fractional shares from the capital reduction process. An amount of SR. 34,109 may remain of the amount due to shareholders as of September 30, 2023 and December 31, 2022. The company was unable to transfer these amounts due to the lack of Completion of receivables' bank accounts data.

****) The balance of compensation dues for rights shares - capital increase is represented by the dues of shareholders who did not exercise their right to subscribe to rights shares, and the remaining amounts due to shareholders amounted to SR. 899,840 as of September 30, 2023 and December 31, 2022 (SR. 901,660) The company was unable to transfer these amounts due to the unavailability or incompleteness of the receivables' bank account data.

11- Cash and cash equivalents

	Sep. 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)
Cash at banks	50,574,083	57,587,227
Cash balances available at investment portfolio	640,047	2,250,583
	<u>51,214,130</u>	<u>59,837,810</u>

12- Share capital

- a) Share capital of the Company as at September 30, 2023 amounted to SR 194,400,000 (31 December 2022: SR 194,400,000) consisting of 19,440,000 shares (31 December 2022: 19,440,000) shares fully paid and issued shares at a value of 10 Saudi Riyals per share.
- b) During the year ended 31 December 2022, Capital Market Authority ("CMA") approved the Company's request to reduce its share capital from SR 64.8 million to SR 21.6 million by reducing the number of shares from 6,480,000 to 2,160,000 to absorb accumulated losses of the Company amounting to SR 43,2 million. On 15 February 2022, the Extraordinary General Assembly approved Company's restructuring of share capital, and the statutory procedures were completed, and the Company's share capital was amended.
- c) Furthermore, on 17 March 2022, the Company obtained regulatory approval from the CMA to increase share capital through rights-issue amounting to SR 172.8 million. On 11 May 2022, the Company's extraordinary general assembly approved the share capital increase through rights- issue, and the regulatory procedures were completed, and the Company's share capital was amended during the year ended 31 December 2022.

13- Rights-issue subscription payable compensation

The results of trading the rights-issue and subscribing to new shares were the subscription of (15,597,076) shares of the new offered shares out of a total number of (17,280,000) shares at a value of SR 155,170,760, and the coverage ratio of the total new shares offered was 90.26%, and the remaining shares that were not subscribed were offered amounting to (1,682,924) shares in the auction, and the average selling price of the sold shares was SR 55.48 per share, and the total proceeds from the sale of unsubscribed shares was SR 93,369,809, bringing the net compensation amount belonging to the shareholders of rights-issue to SR 75,640,729. It was agreed with the Saudi Investment Bank to distribute the proceeds from the sale of rights-issue, and SR 75,640,729 were settled during the period from 23 June 2022 to June 30, 2022, the amount of SR. 899,840 remained unpaid until September 30, 2023 (Note: 15-c).

The total transaction cost of rights-issue amounted to SR 4.8 million, and they were reduced from the Company's retained earnings in line with the requirements of applicable accounting standards.

14- Statutory reserve

In line with the requirements of the Saudi Companies Law, the Company transfers 10% of its profit for the year to a statutory reserve until this reserve reaches 30% of the capital. This reserve is not available for distribution.

15- Accrued expenses and other current liabilities

	Sep. 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)
Accrued expenses	1,311,947	1,656,029
Advance payments from customers	99,300	99,300
VAT payable	---	14,409
	<u>1,411,247</u>	<u>1,769,738</u>

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16-Zakat

16.1 Zakat provision movement

	Sep. 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)
At the beginning of the period / year	2,462,316	1,233,261
Previous years adjustments	---	134,064
Provision for the period / year	---	1,977,817
Paid during the period / year	(1,065,644)	(882,826)
At the end of the period / year	1,396,672	2,462,316

16.2 Zakat status of the Company

The Company submitted its zakat returns to Zakat, Tax and Customs Authority (ZATCA) until the year ended 31 December 2022 and obtained a certificate valid until 21 Shawal 1445 H corresponding to 30 April 2024. The Company received letters of adjustment for zakat assessments for the years 2014 to 2020. The value of the zakat differences amounted to SR 3,396,669; The company has settled the tax differences for the years 2014, 2017, 2019 and 2020, and the amount of SR 2,109,530 was paid, and the rest of the differences for the years 2015, 2016 and 2018 were disputed with the general secretariat of the tax committees. On September 5, 2023, a final decision was issued to accept the objection regarding the Zakat differences for the year 2016, and the objection submitted for the years 2015 and 2018 was rejected for a total amount of SR 370,580.

16.3 VAT status of the Company

The Company received letters of adjustment for value-added tax assessments from Zakat, Tax and Customs Authority (ZATCA) for periods during the years 2018 and 2019, the tax differences amounted to SR 6,619,971. During 2022, the Company requested to pay the amount in instalments from ZATCA and utilize the cancellation of Fines and Exemption of Penalties Initiative, therefore, the Company paid all the instalments of the amount mentioned above. During the period, the company received inspection letters for the years 2020, 2021 and 2022, and the tax differences were settled at a value of SR 64,273 within the company's outstanding balance with the Zakat, tax and Customs Authority.

17-Revenues

	For the three months period ended		For the nine months Period ended	
	Sep. 30, 2023 (Unaudited)	Sep. 30, 2022 (Audited)	Sep. 30, 2023 (Unaudited)	Sep. 30, 2022 (Audited)
Selling of goods	5,462,774	---	12,559,371	---
Services rendered	---	75,009	60,784	181,223
	5,462,774	75,009	12,620,155	181,223

18-Segment information

A segment is a separate and distinct part of a company that is engaged in business activities from which it earns revenue or incurs expenses. Operating segments are disclosed on the basis of internal reports that are reviewed by the CEO, who is the person responsible for allocating resources, evaluating performance and making strategic decisions about operating segments. Operating segments with similar economic characteristics, products, services and categories of customers are grouped and recorded whenever possible as reportable segments in accordance with IFRS 8 Operating Segments.

Basis of division

For administrative purposes, the Company arranges its business through business units on the basis of segments. The following are the segments activities:

- 1- Export from inside and outside the Kingdom, most of the Company's export operations are carried out from the Kingdom of Saudi Arabia to the Middle East, Asia and Africa.
- 2- Production and sale of medical supplies.

The business segments have been identified on the basis of internal reports that are presented to the CFO regularly to upload resources to the segments and evaluate their performance "management approach". The management approach depends on the way in which management organizes business segments within the Company in order to make operational decisions and evaluate performance. At the end of each financial year, management actively reviews the segments for both the quantities and the characteristics of the revenues and expenses presentation in those segments.

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18. Segment information...(Continued)

Below is a summary of some of the selected financial information according to the above-mentioned operating segments:

For the nine month period ended September 30, 2023

	Export activities	Medical Supplies	Total
Revenues	12,620,155	---	12,620,155
Loss of continuing operations	(10,977,563)	---	(10,977,563)
Loss of non-continuing operations	---	---	---
Total current assets	155,802,982	---	155,802,982
Total current liabilities	6,744,291	---	6,744,291

For the nine month period ended September 30, 2022

	Export activities	Medical Supplies	Total
Revenues	75,009	---	75,009
Loss of continuing operations	(17,856,253)	---	(17,856,253)
Loss of non-continuing operations	---	(283,380)	(283,380)
Total current assets	171,232,791	---	171,232,791
Total current liabilities	11,089,615	---	11,089,615

Geographic information *

	For the three months period ended		For the nine months Period ended	
	Sep. 30, 2023 (Unaudited)	Sep. 30, 2022 (Audited)	Sep. 30, 2023 (Unaudited)	Sep. 30, 2022 (Audited)
Revenue				
Export	---	---	7,096,597	---
Local	5,462,773	75,009	5,523,538	181,223
Total revenue according to interim condensed statement of profit or loss and other comprehensive income	5,462,773	75,009	12,620,155	181,223

19-Non-continuing operations

On August 11, 2022, the company's Board of Directors decided to abandon the Sarah Medical Supplies Factory due to its lack of economic feasibility and to reduce general and administrative expenses. The regulatory procedures for exiting factories have not yet been completed as of September 30, 2023. Accordingly, its business results are presented separately for the current period and the previous period in the interim statement of profit or loss and other comprehensive income as follows: -

	For the three months period ended		For the nine months Period ended	
	Sep. 30, 2023 (Unaudited)	Sep. 30, 2022 (Audited)	Sep. 30, 2023 (Unaudited)	Sep. 30, 2022 (Audited)
General and administrative expenses	---	(283,380)	---	(283,380)
(Losses) from operations	---	(283,380)	---	(283,380)
(Losses) from non-continuing operations	---	(283,380)	---	(283,380)

Basic and diluted (losses) per share from non-continuing operations

	For the three months period ended		For the nine months Period ended	
	Sep. 30, 2023 (Unaudited)	Sep. 30, 2022 (Audited)	Sep. 30, 2023 (Unaudited)	Sep. 30, 2022 (Audited)
(Losses) from non-continuing operations	---	---	---	---
Saudi Industrial Export Company - Jordan	---	---	---	---
Sarah Factory for Medical Supplies	---	(283,380)	---	(283,380)
Total loss non-continuing operations	---	(283,380)	---	(283,380)
Weighted average number of ordinary shares	---	19,440,000	---	11,876,044
Basic and diluted (losses) per share from non-continuing operations	---	(0,015)	---	(0,024)

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20-Basic and diluted loss per share

	For the three months period ended		For the nine months Period ended	
	Sep. 30, 2023 (Unaudited)	Sep. 30, 2022 (Audited)	Sep. 30, 2023 (Unaudited)	Sep. 30, 2022 (Audited)
(Losses) from continuing operations for the period	(8,640,865)	(5,047,208)	(10,977,563)	(17,856,253)
Weighted average number of ordinary shares	19,440,000	19,440,000	19,440,000	11,876,044
Basic and diluted (losses) per share	(0,44)	(0,26)	(0,56)	(1,50)

- Basic loss per share is calculated by dividing the loss for the period from continuing operations attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.
- Diluted loss per share is calculated by dividing the loss for the period from continuing operations attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the period after adjusting for the effect of all dilutive potential ordinary shares. There were no potentially dilutive shares outstanding at any time during the periods ended September 30, 2023 and September 30, 2022.

21-Commitments and Contingent liabilities

- There are cases filed against the company by one of the company's former employees amounted to SAR 2,082,000 in the court of Appeal and a hearing date has been set to consider the case on October 21, 2023, and a preliminary ruling has been issued in favor of the company to reject the invitation. Management believes that this case will have no impact on the company's financial position and business results.
- On Rabi 'II 16, 1445H (corresponding to October 31, 2023), the verdict was issued by the court of appeal of the Riyadh region, the third labor circuit in support of the verdict issued by the court of first instance in favour of the company and rejecting the lawsuit.

22-Subsequent events

- On the first of Rabi' II 01, 1445H (corresponding to October 6, 2023), the following commercial records (1010598789), (1010620859), (1010618735) were cancelled due to the lack of economic feasibility in carrying out the activity.
- On 3 Rabi al-Thani, 1445 H (corresponding to October 18, 2023), the Saudi industrial exports company "Saudi Joint Stock Company" established Hadaj investment company "Limited Liability Company", With 100% ownership of the capital. Hadaj investment company "Limited Liability Company" is engaged in financial services activities with the exception of insurance, pension financing and real estate activities in owned or leased properties.
- Otherwise, in management's belief, there have been no material subsequent events since the period ending September 30, 2023 that would require disclosure or have a material impact on the interim condensed financial statements.

23-Approval of the interim condensed financial statements

The interim condensed financial statements for the nine-month period ended September 30, 2023 were approved by the Company's board of directors on Rabi' II 22, 1445H (corresponding to November 06, 2023).