

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE-MONTH ENDED 31 MARCH 2022

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Independent Auditor's Review Report on the Interim Condensed Consolidated Financial Information

To The Shareholders of
Saudi Industrial Development Company (SIDC)
(A Saudi joint stock company)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Saudi Industrial Development Company and its Subsidiaries (SIDC)** (A Saudi Joint Stock Company) ("**The Company**") and its subsidiaries ("**The Group**") as of 31 March 2022, and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three month period then ended, and summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial information in accordance with International Accounting Standard (IAS 34), "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

Except for the effects of the matter described in the paragraph of basis for qualified conclusion, 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 condensed consolidated 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.

Basis for qualified conclusion

The Group's interim condensed consolidated financial statement includes the financial statement of the Subsidiary company, Arabian Spring and Foam Mattresses Manufacturing Ltd. (Sleep High Egypt) ("**The Subsidiary**") for the year ended December 31, 2021. The total property, plant and equipment of the subsidiary amounted to 7,806,147 Saudi riyal, inventory of the Subsidiary amounted to 10,598,393 Saudi riyal and other receivables of the Subsidiary amounted to 3,429,739 Saudi riyal which represents in total 7.3% of the Group consolidated assets as at 31 December 2021. The total liabilities of the Subsidiary amounted to 5,390,672 Saudi riyal which represent 6% of the Group consolidated liabilities as at 31 December 2021, the total revenue of the Subsidiary amounted to 34,264,054 Saudi riyal which represent 21% of Group consolidated revenue as at 31 December 2021 and the total cost of sales of the Subsidiary amounted to 26,840,500 Saudi riyal which represent 19.7% from Group consolidated cost of sales as at 31 December 2021.

We have been unable to obtain appropriate audit evidence in the relation to the Subsidiary's carrying values and business results as at 31 December 2021 and the Parent company's share of results of the Subsidiary for the year then ended as we have not been allowed to verify the financial information from the Subsidiary's auditors including their audit records, accordingly we were unable to determine whether adjustments were necessary to these balances, and its impact on the balances in the current period ended 31 March 2022.

Independent Auditor's Review Report on the Interim Condensed Consolidated Financial Information (continued)

To The Shareholders of
Saudi Industrial Development Company (SIDC)
(A Saudi joint stock company)

Conclusion

Except for the potential effects of the matters described in the "Basis for qualified conclusion" paragraph, which we might have been aware of it were it not for situation described above.

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

For Al-Bassam & Co.

Ibrahim A. Al Bassam
License No. 337

19 May 2022 G
18 Shawwal 1443H
Jeddah, Kingdom of Saudi Arabia



SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

(Expressed in Saudi Riyals)

	Note	31 MARCH 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment, net	8	80,372,114	83,826,105
Goodwill		62,356,409	62,356,409
Right of use assets, net		9,597,631	10,559,060
Intangible assets, net	9	201,733	229,015
Financial assets at fair value through other comprehensive income	10	81,887,129	60,254,333
Advance payments on operating lease		72,228	110,021
Total non-current assets		234,487,244	217,334,943
Current assets			
Inventory	11	45,493,555	45,433,146
Accounts receivable and notes receivables, net	12	21,903,671	17,731,463
Prepayments and other debit balances		7,709,675	4,673,647
Financial assets at fair value through profits or losses	13	-	3,935,020
Cash and cash equivalents		11,673,689	11,820,045
Total current assets		86,780,590	83,593,321
Total assets		321,267,834	300,928,264
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1	400,000,000	400,000,000
Foreign currencies translation reserve		(35,744,276)	(32,241,605)
Fair value change reserve		(99,556,975)	(116,223,833)
Re-measurement reserve of employee benefit obligations		(42,262)	(42,262)
Accumulated losses		(42,519,543)	(47,480,087)
Total equity attributable to shareholders of the Parent Company		222,136,944	204,012,213
Equity for non-controlling interests		7,558,073	7,325,950
Total equity		229,695,017	211,338,163
Non-current liabilities			
Employee benefit obligations		16,464,290	16,113,008
Lease liabilities - non-current portion		6,404,267	7,727,363
Deferred tax liabilities		688,720	782,969
Total non-current liabilities		23,557,277	24,623,340
Current liabilities			
Underwriting surplus		6,350,898	6,350,898
Provision for zakat and income tax	15	7,892,321	7,533,528
Accounts payable		30,826,128	29,210,389
Credit facilities	14	4,002,232	4,032,949
Lease liabilities - current portion		3,826,711	4,688,151
Accruals, liabilities and other provisions		15,117,250	13,150,846
Total current liabilities		68,015,540	64,966,761
Total liabilities		91,572,817	89,590,101
Total equity and liabilities		321,267,834	300,928,264

The accompanying notes from 1-21 form an integral part of these interim condensed consolidated financial information

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE THREE-MONTH ENDED 31 MARCH 2022**
(Expressed in Saudi Riyals)

		FOR THE THREE-MONTH PERIOD ENDED 31 MARCH	
	Note	2022 (Unaudited)	2021 (Unaudited)
Sales	7	41,414,876	45,537,390
Cost of sales		(35,324,906)	(37,631,862)
Gross profit		6,089,970	7,905,528
Selling and distribution expenses		(4,590,531)	(3,583,505)
General and administrative expenses		(7,440,632)	(6,586,088)
Expected Credit losses provision		(29,213)	-
Loss from operations		(5,970,406)	(2,264,065)
Realized gain from financial assets at fair value through profit or loss	13	927,220	-
Unrealized gain from financial assets at fair value through profit or loss	13	-	138,570
Finance costs		(103,454)	(91,762)
Other income		1,137,419	1,516,608
Net (loss) before zakat and income tax		(4,009,221)	(700,649)
Zakat and income tax	15	(542,816)	(717,998)
Deferred Taxes		(17,221)	-
Net loss for the period		(4,569,258)	(1,418,647)
Loss attributable to:			
Parent Company's Shareholders		(4,801,381)	(1,740,449)
Equity for non-controlling interests		232,123	321,802
		(4,569,258)	(1,418,647)
Other Comprehensive income items:			
Items that are not transferable subsequently to the statement of profit or loss:			
Realized gain from financial assets at fair value through other comprehensive income		9,761,925	-
Unrealized gain from financial assets at fair value through other comprehensive income	10	16,666,858	4,969,061
Items that are transferable subsequently to the statement of profit or loss:			
Foreign currency translation adjustments		(3,502,671)	31,510
Total other comprehensive income items		22,926,112	5,000,571
Total comprehensive income for the period		18,356,854	3,581,924
Total comprehensive income attributable to:			
Parent Company's Shareholders		18,124,731	3,260,122
Equity for non-controlling interests		232,123	321,802
		18,356,854	3,581,924
Loss per share:			
Loss from operations	17	(0.15)	(0.06)
Loss for the period attributable to shareholders (Basic and diluted)	17	(0.12)	(0.04)

The accompanying notes from 1-21 form an integral part of these interim condensed consolidated financial information

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 31 MARCH 2022**

(Expressed in Saudi Riyals)

	Share Capital	Foreign currencies translation reserve	Fair value change reserve	Re- measurement reserve of employee benefit obligations	Accumulated Losses	Total equity attributable to shareholders of the Parent Company	Equity for non- controlling interests	Total Equity
Balance as at 1 January 2021 (Audited)	400,000,000	(32,279,754)	(133,107,018)	995,820	(25,192,741)	210,416,307	6,592,858	217,009,165
Loss for the period	-	-	-	-	(1,740,449)	(1,740,449)	321,802	(1,418,647)
Foreign currency translation adjustments	-	31,510	-	-	-	31,510	-	31,510
Unrealized gain from financial assets at fair value through other comprehensive income	-	-	4,969,061	-	-	4,969,061	-	4,969,061
Total other comprehensive income	-	31,510	4,969,061	-	-	5,000,571	-	5,000,571
Balance as at 31 March 2021 (unaudited)	400,000,000	(32,248,244)	(128,137,957)	995,820	(26,933,190)	213,676,429	6,914,660	220,591,089
Balance as at 1 January 2022 (Audited)	400,000,000	(32,241,605)	(116,223,833)	(42,262)	(47,480,087)	204,012,213	7,325,950	211,338,163
Loss for the period	-	-	-	-	(4,801,381)	(4,801,381)	232,123	(4,569,258)
Foreign currency translation adjustments	-	(3,502,671)	-	-	-	(3,502,671)	-	(3,502,671)
Realized gain from financial assets at fair value through other comprehensive income	-	-	9,761,925	-	-	9,761,925	-	9,761,925
Recycling of realized gain from financial assets at fair value through other comprehensive income to accumulated losses	-	-	(9,761,925)	-	9,761,925	-	-	-
Unrealized gain from financial assets at fair value through other comprehensive income	-	-	16,666,858	-	-	16,666,858	-	16,666,858
Total other comprehensive income	-	(3,502,671)	16,666,858	-	9,761,925	22,926,112	-	22,926,112
Balance as at 31 March 2022 (unaudited)	400,000,000	(35,744,276)	(99,556,975)	(42,262)	(42,519,543)	222,136,944	7,558,073	229,695,017

The accompanying notes from 1-21 form an integral part of these interim condensed consolidated financial information

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 31 MARCH 2022
(Expressed in Saudi Riyals)

	FOR THE THREE-MONTH PERIOD ENDED 31 MARCH	
	2022	2021
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Loss for the period before zakat and income tax	(4,009,221)	(700,649)
Adjustments:		
Amortization of right of use assets	961,429	778,174
Depreciation	2,530,449	2,511,730
Amortization	27,282	83,503
Unrealized gain from financial assets at fair value through profit or loss	-	(138,570)
Realized gain from financial assets at fair value through profit or loss	(927,220)	-
Amortization of advance payment on operating lease	37,793	37,793
Expected credit losses provision	29,213	-
Employee benefit obligations provision	929,790	582,070
Foreign currency translation differences	(2,236,533)	-
Changes in operating assets and liabilities:		
Accounts receivable and notes receivables, net	(4,201,421)	(4,455,935)
Inventory	(60,409)	1,060,138
Prepayments and other debit balances	(3,036,028)	(2,441,735)
Accounts payables*	1,515,269	3,888,916
Accruals, liabilities and other provisions	1,966,404	3,674,842
Deferred tax liabilities	(94,249)	-
Cash flow from operating activities	(6,567,452)	4,880,277
Zakat and income tax paid	-	(1,262,389)
Employee benefits paid	(578,508)	(402,664)
Net cash (used in) / generated from operating activities	(7,145,960)	3,215,224
Cash flows from investing activities		
Payments to purchase property, machinery and equipment	(164,724)	(2,061,899)
Net movement in investments at fair value	10,617,984	(21,125,529)
Net cash generated from / (used in) investing activities	10,453,260	(23,187,428)
Cash flows from financing activities		
Lease obligations paid*	(2,187,519)	(551,520)
Credit facilities	-	21,130,189
Net cash generated from / (used in) financing activities	(2,187,519)	20,578,669
Net change in cash and cash equivalents	1,119,781	606,465
Cash and cash equivalents at beginning of the period	11,820,045	16,980,510
Foreign currency translation differences	(1,266,137)	8,836
Cash and cash equivalents at end of the period	11,673,689	17,595,811
Non - cash transactions:		
Lease obligations paid*	(100,471)	-
Accounts payables*	100,471	-

The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial information

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH ENDED 31 MARCH 2022**

(Expressed in Saudi Riyals)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Saudi Industrial Development Company (SIDC) ("the Company") was established in Kingdom of Saudi Arabia as a Saudi joint stock Company pursuant to the decision of the Minister of Commerce No. 673 dated 20 Jumada Al-Thani 1413H, (corresponding to 14 December 1992). The Company obtained its Commercial Registration No. 4030092792, which is issued in Jeddah on 17 Rajab 1413H (corresponding to 1 January 1993).

The Company's authorized, issued and fully paid share capital is SR 400 million which is divided into 40 million shares stated at SR 10 each (2021: 40 million shares stated at SR 10 each).

The Company's activities represent manufacture of sanitary ware from plastics, including (washing basins, showers, toilets ... etc.), the manufacture of sponge products.

The Company's ordinary shares are listed on the Saudi Stock Exchange "Tadawul" under No. 2130.

The Company has the following branches:

Description	Commercial Registration No.	Date	Location
SIDC Ceramic Plant	4700005290	9 Jumada Al-Awwal 1416 H (corresponding to 3 October 1995)	Yanbu
Branch of Saudi Industrial Development Company (SIDC)	1010480324	27 Rabi' al-awwal 1440 H (corresponding to December 5, 2018)	Riyadh

The branch is engaged in the production of toiletries, wall tiles, ceramic floors and acrylic bathtubs pursuant to the decision of the Minister of Commerce No. 542, dated 5 Dhu al-Qa'dah 1411H.

These interim condensed consolidated financial information as of 31 MARCH 2022, and for the periods then ended comprise of the financial information of the Company, its branch, and its subsidiaries (collectively referred as "The Group", and individually referred to as "the Company"), as mentioned in note 5 to these interim condensed consolidated financial information, the Group's subsidiaries, their principal activities and the Group's share in each subsidiary were disclosed.

**2. BASIS OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
PREPARATION**

Statement of compliance

The interim condensed consolidated financial information have been prepared in accordance with the International Accounting Standard ("IAS 34") "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Group's last annual consolidated financial statements for the year ended 31 December 2021, which prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA considering that the financial performance for the interim condensed consolidated financial periods ended 31 MARCH 2022, may not necessarily indicative of the expected results for the year that will be ended on 31 December 2022, whereas no allocation has been made to the profit for the periods, for the provisions calculated at the annual consolidated financial statements at 31 December 2022.

The interim condensed consolidated financial statements do not include all of the information required for the annual consolidated financial information. ("IAS 34") stating that the objective of preparing the interim condensed consolidated financial information is to update on the annual financial information. Therefore, the International Accounting Standard (34) require less disclosure in the interim condensed financial information to be reported compared to the disclosure required by the International Financial Reporting Standards ("IFRS") in the annual financial information.

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH ENDED 31 MARCH 2022**

(Expressed in Saudi Riyals)

**2. BASIS OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
PREPARATION (Continued)**

Basis of measurement

This interim condensed consolidated financial information of the Group has been prepared on a historical cost basis except employee benefit obligation and financial asset at fair value.

3. FUNCTIONAL AND PRESENTATION CURRENCY

This interim condensed consolidated financial information is presented in Saudi Riyals (SR) which is the Group's functional and presentation currency.

4. ACCOUNTING ESTIMATES

The preparation of the Group's interim condensed consolidated financial information requires management to make estimates and judgments that affect the application of accounting policies and stated values of assets, liabilities, revenue and expenses. Actual results may differ from these estimates due to changes in the conditions and circumstances in the future.

5. BASIS OF CONSOLIDATING THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed consolidated financial information includes the financial information of Saudi Industrial Development Company (SIDC) (the "Company" or the "Parent Company"), its branch and its subsidiaries (comprised together "the Group") as of 30 SEPTEMBER 2022. The control is realized when the Group is exposed to or has the right to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns.

The Company controls an investee if the Group has only:

- Power over the entity (has the rights that give it the current ability to direct the activities of the investee company),
- Exposure, or rights, to variable returns from its involvement with the entity; and
- The ability to use its power over the entity to influence the amount of the entity's returns.

Generally, there is a presumption that a majority of the voting rights result in control. When the Group has less than a majority of the voting rights or similar rights in the investee, the Group takes into account all the facts and circumstances when determining whether or not it exercises control over the investee, including:

- Arrangement (arrangements) with the other voting rights holders of the investee Company.
- Rights arising from other contractual arrangements that grant the Parent Company the ability to direct related activities.
- The Group's voting rights and any potential voting rights.

The Group re-ascertains whether or not it exercises control over the investee company if facts and circumstances indicate that a change in one or more of the three elements of control.

Consolidation of a subsidiary begins when the control of the subsidiary is transferred to the Group, and this is discontinued when the Group loses control of the subsidiary.

The assets, liabilities, revenue and expenses of the subsidiary acquired during the year are included in the interim condensed consolidated financial information starting from the date on which control is transferred to the Group and until such control ceases to be exercised.

Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Parent Company of the Group and to the non-controlling shares interests, even if this results in the non-controlling shares interests having a deficit balance.

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH ENDED 31 MARCH 2022**

(Expressed in Saudi Riyals)

**5. BASIS OF CONSOLIDATING THE INTERIM CONDESED FINANCIAL INFORMATION
(Continued)**

When necessary, adjustments are made to the interim condensed financial information of subsidiaries to bring them in line with the Group's accounting policies.

All assets, liabilities, shareholders' equity, income, expenses and inter-company cash flows related to intercompany transactions in the Group are completely eliminated in the interim condensed consolidated financial information.

Any change in ownership of the subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control of the subsidiary, it:

- Discontinues recognizing the assets (including goodwill) and liabilities of the subsidiary,
- Discontinues recognizing the carrying amount of any non-controlling interest,
- Discontinues recognizing the cumulative transfer differences, which are recorded under the shareholders' equity,
- Recognizes the fair value of the compensation received,
- Recognizes the fair value of any held investment,
- Recognizes any surplus or deficit in profit or loss,
- Reclassify the Parent Company's share of the items previously recognized in the consolidated statement of other comprehensive income to the consolidated statement of profit or loss, or retained earnings, as appropriate, as required if The Group directly excludes the related assets and liabilities.

Subsidiaries of the Group

The interim condensed consolidated financial information comprises the Company and its subsidiaries accounts. The non-controlling interest is calculated as a share of the net assets of the subsidiaries as presented in the financial statements of the subsidiaries.

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH ENDED 31 MARCH 2022**

(Expressed in Saudi Riyals)

**5. BASIS OF CONSOLIDATING THE INTERIM CONDESED FINANCIAL INFORMATION
(Continued)**

Subsidiaries of the Group (Continued)

The following subsidiaries, which are owned directly or indirectly by more than 50% and / or the Company can exercise control over them, are consolidated in these interim condensed consolidated financial statements on the basis of the interim condensed financial statements of these subsidiaries:

Subsidiary	Country of incorporation	Main activity	Direct and indirect ownership percentage
SIDC Commercial Investment Limited Company	Kingdom of Saudi Arabia	Wholesale and retail trade in cement, gypsum, natural and industrial marble, tubes and pipes, kitchens, ceramic products, faience, ceramics, porcelain, tools, sanitation sets, carpets, rugs, mattresses, beds, sponges, pillows, bed sheets, bedspreads, sheets, quilts, blankets and all sleeping accessories.	100%
SIDC Projects Investment Limited Company	Kingdom of Saudi Arabia	General contracting for residential, commercial, government, industrial and health buildings and complexes, wholesale and retail trade in building materials, furniture, furnishings, wooden, office and household tools, accessories, bathrooms, clothes, carpets, rugs, silver, crystals, traditional jewelry and precious stones.	100%
Global Marketing Company for Sleeping System Ltd. (Sleep High)	Kingdom of Saudi Arabia	Production of zipper mattresses, sponges, tire materials, seat covers and special polyester for mattress fillings.	100%
Arabian Co. For Manufacturing Sponges & Springs Mattresses Ltd. (Sleep High Egypt)	Egypt	Production of zipper and sponge mattresses.	100%
Emmdad Logistic Services Company	Kingdom of Saudi Arabia	Transporting goods and errands for a fee on land roads	50%

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH ENDED 31 MARCH 2022**

(Expressed in Saudi Riyals)

**5. BASIS OF CONSOLIDATING THE INTERIM CONDESED FINANCIAL INFORMATION
(Continued)**

Direct and Indirect Ownership in the Branch and Subsidiaries of the Company

<u>Company</u>	<u>Direct Ownership percentage</u>	<u>Indirect Ownership percentage</u>
SIDC Ceramic Plant (Branch)	100%	-
SIDC Commercial Investment Limited Company	95%	5% owned by SIDC Projects Investment Co.
SIDC Projects Investment Limited Company	95%	5% owned by SIDC Commercial Investment Co.
Global Marketing Company for Sleeping System Ltd. (Sleep High)	95%	5% owned by SIDC Commercial Investment Co.
Arabian Co. For Manufacturing Sponges & Springs Mattresses Ltd. (Sleep High Egypt)	-	98.5% owned by Global Marketing Company for Sleeping System Ltd. (Sleep High). 1,5% owned by SIDC Commercial Investment Co.
Emmdad Logistic Services Company	-	50% owned by Global Marketing Company for Sleeping System Ltd. (Sleep High).

6. ACCOUNTING POLICIES

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2022 and has been explained in Group Annual Consolidated Financial Statements, but they do not have a material effect on the Group's Interim Condensed Consolidated Financial information.

7. SEGMENTS INFORMATION

The operation segment represents a group of assets and operations which jointly provide products or services that are subject to risks and returns that differ from those related to other operation segments, which are measured according to the reports used by the executive management.

The geographical segment represents providing products or services in a specific economic environment subject to risks and returns that differ from those related to operation segments in economic environments.

The group segment reporting model is basically based on operation segments. The operation segments are specified based on the group's management and internal reporting structure.

The Group has the following main business segments:

- Mattresses and sponges segment, which includes the production and sale of various pressures sponges, mattress frames, beds and all their accessories.
- The toiletries tools segment, which includes the production and sale of toiletries, ceramic wall and floor tiles, and acrylic bathtubs.
- Other segments.

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH ENDED 31 MARCH 2022**

(Expressed in Saudi Riyals)

7. SEGMENTS INFORMATION (Continued)

The following is the distribution of the Group's subsidiaries activities and according to the operating and geographic segments, which represent the main business segments of the Group:

Operating Segment

Descriptions	Mattresses and sponges	Toiletries	Other Segments	Total
31 MARCH 2022 (Unaudited)				
Total assets	184,954,014	45,298,438	91,015,382	321,267,834
Total liabilities	59,918,267	19,625,547	12,029,003	91,572,817
Net sales	37,670,545	3,744,331	-	41,414,876
losses attributable to shareholders for the period	(1,591,472)	(1,216,192)	(1,993,717)	(4,801,381)
31 MARCH 2021 (Unaudited)				
Total assets	204,186,244	49,571,632	75,597,342	329,355,218
Total liabilities	78,618,312	17,495,979	12,649,838	108,764,129
Net sales	41,954,801	3,582,589	-	45,537,390
Profit / (loss) for the year	1,848,197	(1,438,888)	(2,149,758)	(1,740,449)
31 December 2021 (Audited)				
Total assets	175,056,939	45,065,179	80,806,146	300,928,264
Total liabilities	59,074,236	19,363,615	11,152,250	89,590,101
Net sales	149,726,580	13,351,938	-	163,078,518
(loss) for the year	(4,234,335)	(9,929,808)	(10,331,364)	(24,495,507)

Geographic Information

Description	Kingdom of Saudi Arabia	Arab Republic of Egypt	Total
31 MARCH 2022 (Unaudited)			
Total assets	292,053,576	29,214,258	321,267,834
Total liabilities	83,899,319	7,673,498	91,572,817
Net sales	31,982,924	9,431,952	41,414,876
(loss) / profit for the period	(4,913,267)	111,886	(4,801,381)
31 MARCH 2021 (Unaudited)			
Total assets	293,529,736	35,825,482	329,355,218
Total liabilities	97,234,190	11,529,939	108,764,129
Net sales	35,648,238	9,889,152	45,537,390
(loss) / profit for the period	(2,760,572)	1,020,123	(1,740,449)
31 December 2021 (Audited)			
Total assets	266,613,629	34,314,635	300,928,264
Total liabilities	80,172,984	9,417,117	89,590,101
Net sales	128,814,464	34,264,054	163,078,518
(loss) / profit for the year	(27,737,207)	3,241,700	(24,495,507)

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8. PROPERTY, MACHINERY, PLANT, AND EQUIPMENT, NET

- The Additions to property, machinery, plant, and equipment during the period at cost amounted to SR 164,724 (31 December 2021: SR 4,189,366)
- The depreciation expense of property, plant and equipment for the three-month period ended 31 March 2022 amounted to SR 2,530,449 (31 December 2021: SR 10,261,767).

9. INTANGIBLE ASSETS, NET

- The Additions to intangible assets during the period at cost amounted to nil (31 December 2021: nil)
- The amortization expense of intangible assets for the three-month period ended 31 MARCH 2022 amounted to SR 27,282 (31 December 2021: SR 332,346).

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This item comprises the following:

	31 MARCH 2022 (Unaudited)	31 December 2021 (Audited)
<u>a. Arabian Industrial Fibers Company (Ibn Rushd)</u>		
Fair Value	132,900,000	132,900,000
Change in fair value reserve	(132,900,000)	(132,900,000)
	-	-
<u>b. LSC Logistics & Warehousing Company</u>		
Fair Value	5,250,000	5,250,000
<u>c. Investment in an investment portfolio</u>		
Fair Value	76,637,129	55,004,333
	81,887,129	60,254,333

- A) As at 31 MARCH 2022, the financial assets at fair value through other comprehensive income (Arabian Industrial Fibers Company (Limited Liability Company)-Ibn Rushd) amounting to nil (2021: SR nil). The Group's investment has been recognized at fair value. The Group's management has fully reversed the investment amount as at 31 December 2019, by recognizing the fair value of these financial assets within the fair value reserve.
- B) As at 31 December 2021, the Group's management has assessed the fair value of the investment in Logistics & Warehousing Company (a closed joint stock company), using the market approach methodology and comparing the result with their related carrying amount. Based on several key assumptions that include estimating the future sales volumes, prices, operating costs, terminal values, and growth and discount rates for a period of five years.

The above study, for the financial year 2021, resulted immaterial decline in the carrying amount of the above recognized investment as at 31 December 2021.

- C) Financial assets at fair value through other comprehensive income comprise equity shares at the value of a portfolio devoted to investment in shares of banks and other joint stock companies quoted in the Saudi stock market that are not held for sale and which the Group has made an irrevocable choice upon initial recognition of changes in fair value through other comprehensive income rather than profit or loss, as these are strategic investments that the Group considers to be more important. The Group maintains this portfolio with one of the licensed local brokerage firms in the Kingdom of Saudi Arabia. These investments were carried at fair value in accordance with the closing prices at the end of trading on the date of the financial position.

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**10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME
(Continued)**

The following is the movement in investments during the period / year:

	31 MARCH 2022(Unaudited)	31 December 2021 (Audited)
1 January	55,004,333	38,774,506
Unrealized gains	16,666,858	16,883,185
Net additions / (disposal) during the period / year	4,008,800	(653,358)
Advance payments for shares	957,138	-
	76,637,129	55,004,333

11. INVENTORY

	31 MARCH 2022 (Unaudited)	31 December 2021 (Audited)
Raw materials	22,787,274	20,148,867
Finished goods	15,824,469	19,258,040
Spare parts	3,348,272	3,266,392
Accessories	557,483	696,426
	42,517,498	43,369,725
Goods in transit	-	894,237
Work in process	2,976,057	1,169,184
	45,493,555	45,433,146

Movement in slow moving inventory provision as Follow:

	31 MARCH 2022(Unaudited)	31 December 2021 (Audited)
Provided during the period / year	-	5,877,662
Used from provision during the year	-	(5,877,662)
	-	-

12. ACCOUNTS RECEIVABLE AND NOTES RECEIVABLES, NET

	31 MARCH 2022(Unaudited)	31 December 2021 (Audited)
Trade receivables	22,058,555	17,435,583
Notes receivables	224,674	598,438
Checks under collection	37,078	84,865
Expected credit losses provision	(416,636)	(387,423)
	21,903,671	17,731,463

Movement in expected credit losses provision as Follow:

	31 MARCH 2022(Unaudited)	31 December 2021 (Audited)
1 January	387,423	260,531
Provided during the period / year	29,213	1,498,574
Used from provision during the year	-	(1,372,162)
Foreign currency translation differences	-	480
	416,636	387,423

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13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The investment represent the value of portfolio devoted to investment in the shares of banks and other joint stock companies quoted in the Saudi stock market for the purpose of trading. The Group maintains this portfolio with one of the licensed local brokerage firms in the Kingdom of Saudi Arabia. Investments in securities purchased for trading are recognized at fair value according to closing prices at the end of trading in the financial position date. The following is the movement in investments during the period / year:

	31 MARCH 2022 (Unaudited)	31 December 2021 (Audited)
1 January	3,935,020	956,050
Unrealized gains during the period / year	-	612,802
Net (disposal) / additions during the period / year	(3,935,020)	2,366,168
	-	3,935,020

14. CREDIT FACILITIES

The Group credit facilities represent the following:

A) Short-term credit facility from Arab Investment Bank / Egypt to finance the purchase of raw materials for one of the subsidiaries in Egypt amounting to SR 4,002,232 as at 31 March 2022 (31 December 2021: SR 4,032,949). The credit facilities include amount of US dollar 1,021,475, at the system of documentary credits.

15. ZAKAT AND INCOME TAX

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)

The Company finalized its zakat status with the ZATCA until the year ended 31 December 2018, after paying the zakat due to the ZATCA.

Financial year for 2019 and 2021

- A) The company submitted its consolidated zakat return for the years 2019 and 2020 according to its consolidated financial statement, and the company obtained a zakat certificate.
- B) On 1 November 2021, the Company has received revised final zakat assessments, which zakat differences were due on the final parent company amounting to (495,396) Saudi riyals, as the parent company objected to these assessments during the statutory period after it had paid (25%) of the zakat of the objected items amounting to 123,849 Saudi riyals.
- C) The objection to the differences in zakat assessments was discussed with the ZATCA. The ZATCA accepted the objection to only one item with zakat differences amounting to 23,368 Saudi riyals, and rejected the rest of the items objected to with a total zakat differences of 472,028 Saudi riyals, and the objection was escalated again to the General Secretariat of Tax Committees.
- D) The company formed a zakat provision for all the zakat differences.
- E) The company submitted consolidated zakat return for 2021.

GLOBAL MARKETING COMPANY FOR SLEEPING SYSTEM LTD. (SLEEP HIGH)

The Company finalized its zakat status with the ZATCA until the year ended 31 December 2005 after all the financial obligation to ZATCA were settled and paid.

Financial years from 2006 to 2014

- A) The Company submitted its zakat returns for the years 2006 to 2014 in accordance with the standalone financial statements, and the company obtained a zakat certificate.
- B) The objection submitted by the Company on the zakat assessments for the years 2006 and 2007 and issued with a total zakat difference amounted to SAR 1,737,692, was discussed with the Preliminary Tax and Zakat Objection Committee (POC) in Jeddah, which issued its decision No. (1730) for the year 1438 H, to support ZATCA in all the items subject to the objection and its entitlement to those differences amounted to 1,455,444 Saudi riyals.

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15. ZAKAT AND INCOME TAX (CONTINUED)

GLOBAL MARKETING COMPANY FOR SLEEPING SYSTEM LTD. (SLEEP HIGH) (CONTINUED)

Financial years from 2006 to 2014(continued)

- C) The objection submitted by the Company on the zakat assessment for the year 2008 with a total zakat difference amount to SAR 959,799 was discussed with the POC in Jeddah which issued its decision No. (2/1) for the year 1436 H to support ZATCA in all the items subject to the objection amounted to 958,340 Saudi riyals.
- D) The company have a final zakat adjusted for year from 2009 to 2011 by total zakat differences amounted 2,785,989 Saudi riyals and the company objected against zakat tax committee in Jeddah, this objection was not discussed and no decision was issued until the end of 2021 to close the case with the General Secretariat of the Tax Committees, and the stages of litigation are being completed against the relevant authorities.
- E) The company formed a zakat provision for the zakat differences for the items objected above with ZATCA in the amount of 4,589,861 Saudi riyals, which represent 88% of the total zakat differences amounting to 5,199,773 Saudi riyals.
- F) No initial or final order was issued by the Authority for the years 2012 to 2014 until the end of quarter one 2022.

Financial years from 2015 to 2021

- A) The Company has been billed for zakat based on the consolidated zakat returns of the parent company (Saudi Industrial Development Company - SIDC).
- B) the Company submitted the zakat returns for the years 2015 to 2020 standalone financial statement. The Company obtained zakat certificate.

OTHER SUBSIDIARIES

- A) The Company submitted consolidated financial statements and zakat return with the parent company Saudi industrial development company (SIDC).
- B) The company submitted zakat returns for the years from 2015 to 2020 accordance with standalone financial statements and received zakat certificate.

- EMMDAD LOGISTIC SERVICES COMPANY

- A) The Company finalized its zakat status with the ZATCA until the year ended 31 December 2019, after paying the zakat due to the ZATCA.
- B) The inquiries received from the Zakat Authority regarding the paid declaration for the year 2020 have been answered.
- C) The company received a modified initial zakat assessment for the year 2020 with a total zakat differences of 138,950 Saudi riyals, and all of these differences have been objected.
- D) The company submitted zakat return for year ended 2021, and paid.

ARABIAN SPRING AND FOAM MATTRESSES MANUFACTURING LTD (SLEEP HIGH EGYPT)

- A) According to the tax card, the beginning of the activity as well as the beginning of the tax exemption begins on 1 January 2009, and the exemption period for 10 years ended on December 31, 2018.
- B) The company submitting tax returns for the years from 2008 to 2019 on the specified dates in accordance with the Law No. 91 of 2005, and the company was notified of the tax examination within the 2009 sample, and the tax examination was not carried out until the end of the first quarter of 2022.

16. STATUTARY RESERVE

The Companies law in the Kingdom of Saudi Arabia and the Company's Bylaws require that 10% of the annual net income be transferred to the statutory reserve and that such transfer continues until the statutory reserve reaches 30% of the capital.

On June 14, 2021, the General Assembly approved the decision of the Board of Directors to write off part of the accumulated losses amounting to SR 8,099,375 from the statutory reserve. Accordingly, the management reversed the entire statutory reserve balance against the Group's accumulated losses.

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17. LOSS PER SHARE

The (loss) per share has been computed by dividing operating loss and net loss for the year by the weighted average number of outstanding shares during the period / year which represents 40 million shares (2021: 40 million shares).

18. LEGAL CLAIMS

- A) A final judgment was issued by the Court of Appeal in Case No. (2798) for the year 1434 H for the Saudi Industrial Development Company "SIDC" (the "Plaintiff") against Juhayna Trading, Industry and Contracting Co. Ltd. (the "Respondent"); to obligate the respondent to pay the plaintiff a total amount of approximately (15,193,873) SAR, and a final judgment was issued by the Court of Appeal requesting interpretation of the judgment in Case No. (2798) for the year 1434 H jointly by Juhayna Trading, Industry and Contracting Co. Ltd. ("Respondent"). and Abbas bin Ali bin Ahmed Abdel-Gawad in the payment of the amounts ordered for "SIDC" (the "Plaintiff"); An application for the execution of the judgment was also submitted to the Jeddah Execution Court against Juhayna Company. The application was registered with the number: (3901242395) dated 10/11/1439 H, and a decision (34) was issued against Juhayna Company, and after a decision (46); A request for execution of the judgment was also submitted to the Jeddah Execution Court against Abbas bin Ali bin Ahmed Abdel Gawad. The application was registered with the number: (401024200325192), dated 04/12/1442 H, and a decision was issued against Abbas bin Ali bin Ahmed Abdel Gawad (34), and after a decision (46), and after the death of the executor against him (Abbas Abdul-Jawad) – peace be upon him - a request was submitted to the execution judge to continue seizing the estate of the executor against him and seize it and not dispose of it until the rights of "SIDC" are fulfilled; Based on the above facts, the procedures for executing the judgment and the attempt to collect the amount are still ongoing by the enforcement court, and any amounts collected will be recorded directly upon collection.
- B) During 2019, the Arab Investment Bank filed a lawsuit against the Arabian spring and foam mattresses MFG company LTD. "Sleep high – Egypt" (a subsidiary company) for paying amounts in excess of the value of the credit facilities. On July 5, 2021 G, the court decided to dismiss the case and obligated the plaintiff (Arab Investment Bank) to pay the expenses and attorney fees, On October 20, 2021 G, the Arab Investment Bank filed an appeal against judgement issued in the case, and no session was set for it until the date of issuing the financial statement for the quarter one 2022.

19. FAIR VALUE MEASUREMENT

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement depends on the following conditions:

- The principal market for asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability, or
- Using discounted cash flows in the absence of a principal market or a more advantageous market.

Assets or liabilities measured at fair value

- Separate assets or liabilities.
- A group of assets, a group of liabilities, or a group of assets and liabilities.
- A set of accounting policies and interpretations that require the fair value of financial and non-financial assets and liabilities.

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19. FAIR VALUE MEASUREMENT (CONTINUED)

The Group uses observable market inputs to the extent possible when measuring the fair value of assets and liabilities.

The Group uses the valuation methods in determining the fair value, as well as it uses the following levels that reflect the importance of inputs used in determining fair value:

- **Level 1:** quoted prices (unadjusted) in an active market for similar assets or liabilities.
- **Level 2:** valuation methods based on inputs, other than quoted prices included in Level 1, which can be observable for assets and liabilities, directly or indirectly.
- **Level 3:** Valuation techniques using inputs that have an important impact on fair value but are not based on observable inputs.

The Group recognizes transfers between fair value levels at the end of the reporting period, at the same time as the change occurs. Management believes that its estimates and assumptions are reasonable and sufficient.

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19. FAIR VALUE MEASUREMENT (Continued)

	Carrying amount		Fair Value			
	Amortized Cost	Fair Value	Level (1)	Level (2)	Level (3)	Total
31 MARCH 2022 (Unaudited)						
<u>Financial Assets</u>						
Cash and cash equivalents	11,673,689	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	81,887,129	76,637,129	-	5,250,000	81,887,129
Accounts receivable	21,903,671	-	-	-	-	-
	<u>33,577,360</u>	<u>81,887,129</u>	<u>76,637,129</u>	<u>-</u>	<u>5,250,000</u>	<u>81,887,129</u>
<u>Financial Liabilities</u>						
Accounts payable	30,826,128	-	-	-	-	-
Credit facilities	4,002,232	-	-	-	-	-
Lease liabilities	10,230,978	-	-	-	-	-
Total	<u>45,059,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 December 2021 (Audited)						
<u>Financial Assets</u>						
Cash and cash equivalents	11,820,045	-	-	-	-	-
Financial assets at fair value through profit or loss	-	3,935,020	3,935,020	-	-	3,935,020
Financial assets at fair value through other comprehensive income	-	60,254,333	55,004,333	-	5,250,000	60,254,333
Accounts receivable	17,731,463	-	-	-	-	-
Total	<u>29,551,508</u>	<u>64,189,353</u>	<u>58,939,353</u>	<u>-</u>	<u>5,250,000</u>	<u>64,189,353</u>
<u>Financial Liabilities</u>						
Accounts payable	29,210,389	-	-	-	-	-
Credit facilities	4,032,949	-	-	-	-	-
Lease liabilities	12,415,514	-	-	-	-	-
Total	<u>45,658,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

20. SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the period end that require disclosure or adjustment in these interim condensed consolidated financial information.

21. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

This interim condensed consolidated financial information have been approved by the Board of Directors on 18 Shawal 1443H, (corresponding to 19 May 2022).