

**SAUDI PARTS CENTER COMPANY**  
(A Joint Stock Company)  
**Condensed Consolidated Interim Financial Statements**  
**(Unaudited)**  
**For The Six-Month Period Ended 30 June 2023**  
**Together With The**  
**Independent Auditor's Report On Review Of The**  
**Condensed Consolidated Interim Financial Statements**

**SAUDI PARTS CENTER COMPANY**  
(A Joint Stock Company)  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023  
(Amount in Saudi Arabian Riyals)

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<b><u>INDEX</u></b>	<b><u>PAGE</u></b>
Independent Auditor's Report On Review of the Condensed Consolidated Interim Financial Statements	1
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income	3
Condensed Consolidated Statement of Changes in equity	4
Condensed Consolidated Statement of Cash Flows	5
Notes to the Condensed Consolidated Interim Financial Statements	6-19



## KPMG Professional Services

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Commercial Registration No. 1010425494

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

# Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Saudi Parts Center Company (A Joint Stock Company)

## Introduction

We have reviewed the accompanying 30 June 2023 condensed consolidated interim financial statements of Saudi Parts Center Company ("the Company") and its subsidiary ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 30 June 2023;
- the condensed consolidated statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2023;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2023;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2023; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

## Scope of Review

We conducted our review in accordance with the 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 condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2023 condensed consolidated interim financial statements of Saudi Parts Center Company and its subsidiary are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services

Fahad Mubark Aldossari  
License No: 469



Riyadh on; 13 Safar 1445H  
Corresponding to: 29 August 2023

KPMG professional Services, a professional doted joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of SAR 40,000,000. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

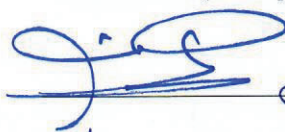
كي بي إم جي للاستشارات المهنية شركة مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة التابعة لكي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.


**SAUDI PARTS CENTER COMPANY**  
(A Joint Stock Company)  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
AS AT 30 JUNE 2023  
(Amount in Saudi Arabian Riyals)

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property and equipment	5	8,151,254	8,396,150
Right-of-use assets	6	2,185,646	2,838,683
<b>Total Non-Current Assets</b>		<b>10,336,900</b>	<b>11,234,833</b>
<b>Current Assets</b>			
Inventories	7	60,110,307	38,859,058
Prepayment and other current assets	8	7,796,000	3,291,161
Trade receivables	9	10,345,911	9,111,545
Amounts due from related parties	10	1,143,729	2,227,583
Cash and cash equivalents	11	1,751,661	3,146,685
<b>Total Current Assets</b>		<b>81,147,608</b>	<b>56,636,032</b>
<b>Total Assets</b>		<b>91,484,508</b>	<b>67,870,865</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	12	30,000,000	30,000,000
Retained earnings		14,021,015	11,427,289
Statutory reserve		1,263,439	1,263,439
Actuarial valuation reserve		(1,522,162)	(1,522,162)
<b>Total Equity</b>		<b>43,762,292</b>	<b>41,168,566</b>
<b>Non-Current Liabilities</b>			
Employees end of service benefits	13	8,115,792	7,879,631
Lease liabilities	6	750,637	1,103,449
<b>Total Non-Current Liabilities</b>		<b>8,866,429</b>	<b>8,983,080</b>
<b>Current Liabilities</b>			
Trade payables	14	24,292,899	11,794,691
Amount due to related parties	10	8,444,057	3,312,804
Short term loans	15	4,277,335	-
Lease liabilities	6	1,150,267	1,411,724
Zakat payable	20	691,229	1,200,000
<b>Total Current Liabilities</b>		<b>38,855,787</b>	<b>17,719,219</b>
<b>Total Liabilities</b>		<b>47,722,216</b>	<b>26,702,299</b>
<b>Total Equity and Liabilities</b>		<b>91,484,508</b>	<b>67,870,865</b>

The attached notes 1 to 26 form an integral part of these condensed consolidated interim financial statements.

The financial statements appearing on pages (3) to (19) have been approved by Board of Directors on 12 Safar 1445H (corresponding to 28 August 2023) and are signed on their behalf by:

  
Chairman of Board

  
Chief Executive Officer

  
Chief Financial Officer

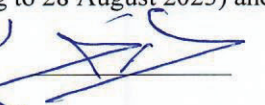
**SAUDI PARTS CENTER COMPANY**  
(A Joint Stock Company)  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023  
(Amount in Saudi Arabian Riyals)


		<b>For the six-month period ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	Note		
Revenue	16	<b>50,964,010</b>	44,352,028
Cost of sales	7	<b>(33,554,608)</b>	(28,971,411)
<b>Gross profit</b>		<b>17,409,402</b>	15,380,617
Selling and distribution expenses	17	<b>(8,916,565)</b>	(8,618,039)
General and administrative expenses	18	<b>(4,577,761)</b>	(3,685,439)
(Charge)/ reversal of impairment loss on trade receivables	9	<b>(107,000)</b>	350,000
Other (expense)/income, net	19	<b>(468,261)</b>	47,152
<b>Operating profit</b>		<b>3,339,815</b>	3,474,291
Finance costs		<b>(79,952)</b>	(32,886)
<b>Profit before zakat</b>		<b>3,259,863</b>	3,441,405
Zakat	20	<b>(666,137)</b>	(600,000)
<b>Profit for the period</b>		<b>2,593,726</b>	2,841,405
<b>Other comprehensive income</b>			
<b><u>Items that will not to be reclassified subsequently to profit or loss:</u></b>			
Re-measurement gain on employees end of service benefits		-	-
<b>Total other comprehensive income</b>		-	-
<b>Total comprehensive income for the period</b>		<b>2,593,726</b>	2,841,405
<b><u>Earnings per share:</u></b>			
Basic earnings per share	21	<b>0.86</b>	0.95
Diluted earnings per share	21	<b>0.86</b>	0.95

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The financial statements appearing on pages (3) to (19) have been approved by Board of Directors on 12 Safar 1445H (corresponding to 28 August 2023) and are signed on their behalf by:

  
Chairman of Board

  
Chief Executive Officer

  
Chief Financial Officer



**SAUDI PARTS CENTER COMPANY**  
(A Joint Stock Company)  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**  
(Amount in Saudi Arabian Riyals)

**For the six-month period ended 30 June 2023**

Balance as at 31 December 2022 (Audited)

Profit for the period

Other comprehensive income for the period

Total comprehensive income for the period

**Balance as at 30 June 2023 (Unaudited)**

**For the six-month period ended 30 June 2022**

Balance as at 31 December 2021 (Audited)

Profit for the period

Other comprehensive income for the period

Total comprehensive income for the period

**Balance as at 30 June 2022 (Unaudited)**

	Capital	Statutory Reserve	Retained Earnings	Actuarial valuation reserve	Total
Balance as at 31 December 2022 (Audited)	30,000,000	1,263,439	11,427,289	(1,522,162)	41,168,566
Profit for the period	-	-	2,593,726	-	2,593,726
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	2,593,726	-	2,593,726
<b>Balance as at 30 June 2023 (Unaudited)</b>	<b>30,000,000</b>	<b>1,263,439</b>	<b>14,021,015</b>	<b>(1,522,162)</b>	<b>43,762,292</b>
Balance as at 31 December 2021 (Audited)	30,000,000	574,734	5,228,946	(1,095,648)	34,708,032
Profit for the period	-	-	2,841,405	-	2,841,405
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	2,841,405	-	2,841,405
<b>Balance as at 30 June 2022 (Unaudited)</b>	<b>30,000,000</b>	<b>574,734</b>	<b>8,070,351</b>	<b>(1,095,648)</b>	<b>37,549,437</b>

The attached notes 1 to 26 form an integral part of these condensed consolidated interim financial statements.

**SAUDI PARTS CENTER COMPANY**  
(A Joint Stock Company)  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023  
(Amount in Saudi Arabian Riyals)

		For the six-month period ended 30 June	
	Note	2023 (Unaudited)	2022 (Unaudited)
Profit for the period after zakat		2,593,726	2,841,405
Adjustments for:			
Depreciation on property and equipment	5	388,806	427,209
Depreciation on right-of-use assets	6	653,037	696,503
Provision for employees end of service benefits	13	287,578	464,542
Provision for slow moving inventories	7	-	287,636
Zakat expense	20	666,137	600,000
Charge/ (reversal) of impairment loss on trade receivables	9	107,000	(350,000)
Finance costs		79,952	32,886
		<u>4,776,236</u>	<u>5,000,181</u>
Changes in operating assets and liabilities:			
Inventories		(21,251,249)	(496,035)
Prepayments and other current assets		(4,504,839)	(1,733,409)
Trade receivables		(1,341,366)	(2,117,993)
Trade payables		12,498,208	2,778,791
Amounts due from related parties		1,083,854	(177,446)
Amounts due to related parties		5,131,253	(382,492)
Cash flows from operations		<u>(3,607,903)</u>	<u>2,871,597</u>
Finance costs paid		(79,952)	(32,886)
Zakat paid		(1,174,908)	(994,831)
Employees end of service benefits paid	13	(51,417)	(88,898)
<b>Net cash (used in)/ generated from operating activities</b>		<u>(4,914,180)</u>	<u>1,754,982</u>
<b>Investing activity</b>			
Purchase of property and equipment	5	(143,910)	(683,619)
<b>Net cash flows used in investing activities</b>		<u>(143,910)</u>	<u>(683,619)</u>
<b>Financing activities</b>			
Amounts due to a Shareholder		-	(818,930)
Payment of principal portion of lease liabilities		(614,269)	(656,081)
Proceeds from short term loan		4,277,335	-
<b>Net cash generated from/(used in) financing activities</b>		<u>3,663,066</u>	<u>(1,475,011)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(1,395,024)</u>	<u>(403,648)</u>
Cash and cash equivalents at the beginning of the period		3,146,685	5,524,680
<b>Cash and cash equivalents at the end of the period</b>		<u>1,751,661</u>	<u>5,121,032</u>
<b>Non-cash transactions</b>			
Recognition of lease liabilities and right of use assets		-	347,965

The attached notes 1 to 26 form an integral part of these condensed consolidated interim financial statements.

**SAUDI PARTS CENTER COMPANY**  
(A Joint Stock Company)  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023  
(Amount in Saudi Arabian Riyals)

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**1. CORPORATE INFORMATION**

Saudi Parts Center Company (A Saudi Joint Stock Company) (the “Company”) formerly owned by a single shareholder as a limited liability Company registered in Riyadh; Kingdom of Saudi Arabia under commercial registration number 1010068658 dated 11 Rajab 1408H (corresponding to 29 February 1988). The registered office is located at Riyadh 11551. The Company is currently owned 70% by Alkhorayef Group Company (the “Parent Company”) and 30% is owned by other shareholders. The ultimate Parent Company is Abdullah Ibrahim Alkhorayef Sons Company, a Saudi Closed Joint Stock Company (the “Ultimate Parent Company”) registered in the Kingdom of Saudi Arabia, which has ownership of the Parent Company and thereby ultimate controlling party of Saudi Parts Center Company.

The Company is engaged in repair and maintenance of engines, electric generators and steam generators, wholesale and retail trading of spare parts of truck and heavy transport, agricultural equipment, industrial equipment, construction equipment and machinery.

As per the Owner’s resolution dated 8 Sha’ban 1442H (corresponding to 21 March 2021), the Parent Company decided to convert the legal form of the Company from a Limited Liability Company to a Closed Joint Stock Company. On 26 Sha’ban 1442H (corresponding to 8 April 2021) Ministry of Commerce approved the change in legal form of the Company from a Limited Liability Company to a Closed Joint Stock Company.

During the year ended 31 December 2021, the Company’s Board of Directors approved the plan to list the Company’s ordinary shares in Nomu – Parallel Market which was performed by way of direct listing to existing shareholders. The offering did not constitute an offer to the public in any jurisdiction outside Kingdom of Saudi Arabia. Trading in listed shares on the parallel market is limited to existing shareholders (excluding the Company's major shareholders who own (5%) or more of share capital and to whom the prohibition period is applicable), as well as categories of qualified investors. On 29 December 2021, Capital Market Authority (CMA) approved the Company’s application to register its shares for direct listing on Nomu–Parallel Market. During 2022, the Company’s shares were listed on Nomu – Parallel Market on 20 Rajab 1443H (corresponding to 21 February 2022). From the date of listing, the Company has started trading as a Joint Stock Company.

The financial statements cover the activities of the Company mentioned above and its branches are mentioned below:

<b>Branch Commercial Registration Number</b>	<b>Branch</b>	<b>Date of Registration</b>
1115000492	Sajer	4 Jumada Al-Alkhirah 1409
4030065611	Jeddah	2 Duh Al-Qi’dah 1409 H
5855017531	Khamis	22 Rajab 1418 H
2050033974	Dammam	19 Rabi Al-Thani 1419 H
3400008522	Sakaka	10 Ramadhan 1419 H
3350021174	Hail	27 Jumada Al-Ula 1429 H
1010433116	Riyadh	9 Rajab 1436 H

The accompanying condensed interim consolidated financial statements include the Company and its wholly owned subsidiary, MAS Advanced Industry Company.

MAS Advanced Industry Company is a single shareholder limited liability company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010790953 dated 21 Sha’ban 1443H (corresponding to 24 March 2022). It is engaged in repair and maintenance of engines, electric generators and steam generators, wholesale and retail trading of spare parts of truck and heavy transport, agricultural equipment, industrial equipment, construction equipment and machinery.



**SAUDI PARTS CENTER COMPANY**  
(A Joint Stock Company)  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023  
(Amount in Saudi Arabian Riyals)

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**2. BASIS OF PREPARATION**

***Statement of compliance***

These condensed consolidated interim financial statements (“consolidated financial statements”) have been prepared in accordance with International Accounting Standard “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2022 (“last annual financial statements”).

These consolidated financial statements do not include all of information required for complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

***Basis of preparation***

The consolidated financial statements have been prepared on the historical cost basis except for obligation in respect of employees’ end of services benefits that is measured at present value of defined benefit obligation, which has been actuarially valued using projected unit credit method. Further, these consolidated financial statements have been prepared using accrual basis of accounting and going concern concept.

***Functional and presentation currency***

These consolidated financial statements are presented in Saudi Riyals (SR) which is also the functional currency of the Company and its subsidiary. All amounts have been rounded to nearest Saudi Riyal, unless otherwise indicated elsewhere.

**3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS**

In preparing these consolidated financial statements, management is required to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

The significant judgments made by management in applying the Group’s accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

**SAUDI PARTS CENTER COMPANY**  
(A Joint Stock Company)  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023  
(Amount in Saudi Arabian Riyals)

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**4 NEW AND AMENDED STANDARDS, FORTHCOMING AND CURRENTLY EFFECTIVE**

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted them in preparing these consolidated financial statements. These are not expected to have a significant impact on the consolidated financial statements of the Group.

*New currently effective requirements*

1 January 2023	Deferred Tax related to Assets and Liabilities arising from a Single Transaction- Amendments to IAS 12
	Disclosure of Accounting Policies (Amendments to International Accounting Standards No. 1 and Practice Statement IFRS No. 2
	IFRS 17 Insurance Contracts
	Definition of Accounting Estimates (Amendments to IAS 8)
Available for optional adoption	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

**SAUDI PARTS CENTER COMPANY**  
(A Joint Stock Company)  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023  
(Amount in Saudi Arabian Riyals)

**5 PROPERTY AND EQUIPMENT**

As at 30 June 2023(Unaudited)

	<u>Land</u>	<u>Motor vehicles</u>	<u>Leasehold improvements</u>	<u>Furniture and fixtures</u>	<u>Computers</u>	<u>Capital work in progress</u>	<u>Total</u>
<i>Cost</i>							
At 1 January 2023	6,193,169	4,379,418	1,614,690	3,979,047	2,110,866	28,366	18,305,556
Additions	-	-	25,033	31,238	58,214	29,425	143,910
At 30 June 2023	6,193,169	4,379,418	1,639,723	4,010,285	2,169,080	57,791	18,449,466
<i>Accumulated depreciation</i>							
At 1 January 2023	-	3,346,831	847,282	3,860,677	1,854,616	-	9,909,406
Charge for the period	-	192,983	114,351	40,161	41,311	-	388,806
At 30 June 2023	-	3,539,814	961,633	3,900,838	1,895,927	-	10,298,212
<b>Net book value</b>							
At 30 June 2023	6,193,169	839,604	678,090	109,447	273,153	57,791	8,151,254
As at 31 December 2022 (Audited)							
<i>Cost</i>							
At 1 January 2022	6,193,169	3,989,058	1,205,501	3,965,387	1,946,374	-	17,299,489
Additions	-	390,360	409,189	13,660	164,492	28,366	1,006,067
As at 31 December 2022	6,193,169	4,379,418	1,614,690	3,979,047	2,110,866	28,366	18,305,556
<i>Accumulated depreciation</i>							
At 1 January 2022	-	2,975,778	661,161	3,623,040	1,778,131	-	9,038,110
Charge for the year	-	371,053	186,121	237,637	76,485	-	871,296
As at 31 December 2022	-	3,346,831	847,282	3,860,677	1,854,616	-	9,909,406
<b>Net book value</b>							
At 31 December 2022	6,193,169	1,032,587	767,408	118,370	256,250	28,366	8,396,150

**SAUDI PARTS CENTER COMPANY**  
(A Joint Stock Company)  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023  
(Amount in Saudi Arabian Riyals)

**6 RIGHT-OF-USE ASSETS AND LEASES LIABILITIES**

The Group has lease agreements for branches and warehouse in various locations with total rent paid amounting to SR 999,565 (31 December 2022: SR 1,722,835). Based on management's assessment the rental lease agreement terms ranges from 2 years to 5 years with renewal and termination options. Renewal and termination options were considered in the lease term assessments. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility.

**Right-of-use assets**

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period/year:

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
<b>Cost</b>		
At the beginning of the period/year	<b>4,978,500</b>	4,576,664
Addition	-	1,457,461
Termination of lease agreements	-	(1,055,625)
	<b>4,978,500</b>	4,978,500
<b>Accumulated depreciation</b>		
At the beginning of the period/year	<b>2,139,817</b>	1,400,005
Charge for the period/year	<b>653,037</b>	1,357,853
Termination of lease agreements	-	(618,041)
	<b>2,792,854</b>	2,139,817
At the end of the period/year	<b>2,185,646</b>	2,838,683

**Lease liabilities**

Set out below are the carrying amounts of lease liabilities and the movement during the period/year:

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
At the beginning of the period/year	<b>2,515,173</b>	2,646,519
Additions	-	1,284,226
Interest charge	<b>29,480</b>	85,154
Payments	<b>(643,749)</b>	(994,950)
Termination of lease agreements	-	(505,776)
At the end of the period/year	<b>1,900,904</b>	2,515,173
<b>Classified as:</b>		
Current portion	<b>1,150,267</b>	1,411,724
Non-current portion	<b>750,637</b>	1,103,449
	<b>1,900,904</b>	2,515,173

**Maturity analysis:**

Up to 1 year	<b>1,150,267</b>	1,411,724
More than 1 year and less than 5 years	<b>750,637</b>	1,103,449
	<b>1,900,904</b>	2,515,173

**SAUDI PARTS CENTER COMPANY**  
(A Joint Stock Company)  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023  
(Amount in Saudi Arabian Riyals)

**7 INVENTORIES**

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Finished Goods	<b>62,281,560</b>	41,030,311
Less: Provision for slow moving inventories	<b>(2,171,253)</b>	(2,171,253)
	<b>60,110,307</b>	38,859,058

Movements in the provision for slow moving items are as below:

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
At the beginning of the period/year	<b>2,171,253</b>	1,883,617
Charge for the period/year	-	287,636
At the end of the period/year	<b>2,171,253</b>	2,171,253

During period ended 30 June 2023, SR 33,554,608 (30 June 2022: SR 28,971,411) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales.

**8 PREPAYMENT AND OTHER CURRENT ASSETS**

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Advances to suppliers	<b>6,424,459</b>	2,958,333
Prepaid expenses	<b>474,889</b>	42,015
Employee receivables	<b>282,585</b>	290,813
Others	<b>614,067</b>	--
	<b>7,796,000</b>	3,291,161

**9 TRADE RECEIVABLES**

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Trade receivables	<b>12,597,237</b>	11,255,871
Less: provision for expected credit losses	<b>(2,251,326)</b>	(2,144,326)
	<b>10,345,911</b>	9,111,545

Terms and conditions of the above trade receivables:

Trade receivables are non-interest bearing and are generally on terms of 30 days to 90 days. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

Movement of provisions for expected credit losses of trade receivables:

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
At the beginning of the period/year	<b>2,144,326</b>	2,760,762
Charge/(reversal) during the period/year	<b>107,000</b>	(616,436)
At the end of the period/year	<b>2,251,326</b>	2,144,326



**SAUDI PARTS CENTER COMPANY**  
(A Joint Stock Company)  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023  
(Amount in Saudi Arabian Riyals)

**10. RELATED PARTIES TRANSACTIONS AND BALANCES**

**10.1 Related party transactions**

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

The following are the details of major related party transactions.

Name of related party	Related party	Nature of Transactions	Amount of transactions for the period ended	
			30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Alkhorayef Group Company	Shareholder	Payments made to the Shareholder	-	(7,478,921)
		Rent	360,912	334,530
		Shared service	665,020	659,669
		Payment made on behalf of the Group	2,017,094	5,665,792
Alkhorayef for Sale, Maintenance & Repair of Oil Production Equipment Company	Subsidiary of the Parent Company	Sales	1,264,514	136,334
		Receipts	(2,174,451)	(41,842)
Alkhorayef Water & Power Technology	Subsidiary of the Parent Company	Sales	83,075	44,197
		Receipts	(45,940)	(10,431)
Alkhorayef Commercial Company	Subsidiary of the Parent Company	Sales	-	(17,837)
		Purchases	5,219,807	2,793,145
		Payments	(3,131,580)	(3,245,139)
Alkhorayef Agriculture Project Company	Related party under common control	Sales	226,153	61,957
		Receipts	(437,205)	(4,587)

Sales to and purchases from related parties are made on mutually agreed terms.

**SAUDI PARTS CENTER COMPANY**  
(A Joint Stock Company)  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023  
(Amount in Saudi Arabian Riyals)

**10. RELATED PARTIES TRANSACTIONS AND BALANCES**

**10.1 Related party balances**

The breakdown of amounts due from related parties are as follows:

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
<b>i) Amounts due from related parties</b>		
Alkhorayef for Sale, Maintenance and Repair of Oil Production Equipment Company	<b>838,264</b>	1,748,201
Alkhorayef Agriculture Project Company	<b>226,153</b>	437,205
Alkhorayef Water & Power Technologies Company	<b>79,312</b>	42,177
	<b>1,143,729</b>	2,227,583

The above balances are unsecured, interest free and settled within 12 months. The management estimate the allowance on due from related parties balance at the reporting date at an amount equal to lifetime ECL. No significant receivable balance from related parties at the reporting date are past due. Taking into consideration, the historical default experience and the future prospects of the industries in which the related parties operate, the management considers that related party balances are not impaired. There has been no change in estimation techniques or significant assumptions made during the current reporting period in assessing the allowances for balances due from related parties.

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
<b>ii) Amounts due to related party</b>		
Alkhorayef Commercial Company	<b>5,219,807</b>	3,131,580
<b>iii) Amounts due to a Shareholder</b>		
Alkhorayef Group Company	<b>3,224,250</b>	181,224
	<b>8,444,057</b>	3,312,804

Terms and conditions of the above payable amounts:

These amounts are generally payable upon demand.

**10.2 Key management personnel compensation**

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

	<b>For the six-month period ended</b>	
	<b>30 June 2023 (Unaudited)</b>	<b>30 June 2022 (Unaudited)</b>
Short-term employee benefits	<b>679,108</b>	401,250
Post employment benefits	<b>841,795</b>	534,684
	<b>1,520,903</b>	935,934

**SAUDI PARTS CENTER COMPANY**  
(A Joint Stock Company)  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023  
(Amount in Saudi Arabian Riyals)

**11. CASH AND CASH EQUIVALENTS**

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Bank balances	<b>590,225</b>	2,508,282
Cash in hand	<b>1,161,436</b>	638,403
	<b><u>1,751,661</u></b>	<b><u>3,146,685</u></b>

**12. SHARE CAPITAL**

Capital is divided into 3,000,000 shares (31 December 2022: 3,000,000) of SR 10 each. Capital is distributed as follows.

	<b>30 June 2023 (Unaudited)</b>			31 December 2022 (Audited)		
	<b>Number of shares</b>	<b>Capital</b>	<b>Share holding</b>	Number of Shares	Capital	Share Holding
Alkhorayef Group Company	2,100,000	21,000,000	70%	2,100,000	21,000,000	70%
Individual shareholders	750,000	7,500,000	25%	750,000	7,500,000	25%
Nama Alkhorayef Company	150,000	1,500,000	5%	150,000	1,500,000	5%
	<b><u>3,000,000</u></b>	<b><u>30,000,000</u></b>	<b><u>100%</u></b>	<b><u>3,000,000</u></b>	<b><u>30,000,000</u></b>	<b><u>100%</u></b>

**13. EMPLOYEES END OF SERVICE BENEFITS**

**Changes in the present value of the defined benefit obligation:**

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
At the beginning of the period/year	<b>7,879,631</b>	6,646,763
Current service cost	<b>208,434</b>	750,900
Finance cost	<b>79,144</b>	158,288
Benefits paid	<b>(51,417)</b>	(102,834)
Remeasurement losses in OCI	<b>-</b>	426,514
	<b><u>8,115,792</u></b>	<b><u>7,879,631</u></b>

**14. TRADE AND OTHER PAYABLES**

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Trade payables	<b>19,520,027</b>	6,074,546
Accrued expenses	<b>3,717,875</b>	2,919,340
VAT payable	<b>979,688</b>	884,974
Advance from customers	<b>9,124</b>	1,851,166
Others	<b>66,185</b>	64,665
	<b><u>24,292,899</u></b>	<b><u>11,794,691</u></b>

**SAUDI PARTS CENTER COMPANY**  
(A Joint Stock Company)  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023  
(Amount in Saudi Arabian Riyals)

**15. SHORT TERM LOAN**

The Group has secured credit facility in the form of short-term finance, with a limit of SR 30,000,000 (31 December 2022: nil). This facility bears finance charges at market rate of interest and secured against promissory notes. Credit facility is granted under Islamic Murabaha financing for the purchase and sale of commodities, with 270 days as a maximum period from the date of the invoice and expiring on 31 July 2023. As at 30 June 2023, the utilized amount of the facility was SAR 4,277,335.

**16. REVENUE**

**Disaggregated revenue information**

Set out below is the disaggregation of the Group's revenue:

	<b>30 June 2023 (Unaudited)</b>	30 June 2022 (Unaudited)
<b>Types of spare parts products</b>		
Heavy equipment spare parts	<b>32,721,683</b>	27,462,268
Truck spare parts	<b>11,965,230</b>	11,058,249
Turbocharger spare parts	<b>6,277,097</b>	5,831,511
	<b>50,964,010</b>	44,352,028

**Geographical markets**

The Group operates exclusively in the Kingdom of Saudi Arabia and therefore no additional geographical market information is presented in these consolidated financial statements.

**Timing of revenue recognition**

	<b>30 June 2023 (Unaudited)</b>	30 June 2022 (Unaudited)
Revenue recognized at a point in time	<b>50,964,010</b>	44,352,028

**Revenue per type of customer:**

	<b>30 June 2023 (Unaudited)</b>	30 June 2022 (Unaudited)
<b>Revenue</b>		
Private customers	<b>48,660,688</b>	43,988,142
Related party	<b>1,573,742</b>	260,325
Government	<b>729,580</b>	103,561
	<b>50,964,010</b>	44,352,028

**SAUDI PARTS CENTER COMPANY**  
(A Joint Stock Company)  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023  
(Amount in Saudi Arabian Riyals)

**17. SELLING AND DISTRIBUTION EXPENSES**

	<b>30 June 2023 (Unaudited)</b>	30 June 2022 (Unaudited)
Employee related costs	5,821,989	5,202,641
Communication and courier	722,312	1,107,521
Depreciation on right-of-use assets	653,033	696,503
Sales commission	718,875	640,796
Depreciation	349,118	406,716
Repairs and maintenance	129,356	133,780
Professional fees	97,727	76,337
Insurance	55,879	55,879
Advertising and promotional	54,050	39,996
Travel and transportation	48,814	23,978
Rent	14,384	16,527
Others	251,028	217,365
	<b>8,916,565</b>	<b>8,618,039</b>

**18. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>30 June 2023 (Unaudited)</b>	30 June 2022 (Unaudited)
Employee related costs	3,445,939	2,237,874
Communication and courier	220,752	449,373
Rent	346,528	322,938
Professional fees	393,811	307,116
Bank charges	75,839	285,626
Repairs and maintenance	15,449	27,654
Depreciation	39,688	20,493
Travel and transportation	13,556	12,876
Insurance	2,182	2,182
Others	24,017	19,307
	<b>4,577,761</b>	<b>3,685,439</b>

**19. OTHER (EXPENSE) / INCOME, NET**

	<b>30 June 2023 (Unaudited)</b>	30 June 2022 (Unaudited)
Foreign exchange loss, net	(468,261)	(38,317)
Others	-	85,469
	<b>(468,261)</b>	<b>47,152</b>



**SAUDI PARTS CENTER COMPANY**  
(A Joint Stock Company)  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023  
(Amount in Saudi Arabian Riyals)

**20. ZAKAT**

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
At the beginning of the year	<b>1,200,000</b>	994,831
Charge for the year	<b>666,137</b>	1,200,000
Paid during the year	<b>(1,174,908)</b>	(994,831)
	<b>691,229</b>	1,200,000

During the period ended 30 June 2023, the Group zakat charge was SR 666,137 (30 June 2022: SR 600,000).

Until the year ended 31 December 2020, zakat provision was being calculated and provided for by Abdullah Ibrahim Alkhorayef Sons Company (the "Ultimate Parent Company") on a consolidated basis including its subsidiaries in accordance with Saudi Arabian fiscal regulations.

**Status of zakat assessment**

The Information declarations for all the years up to 2022 has been filed by the Group with the Zakat, Tax and Customs Authority ("ZATCA"). However, no assessment has been raised yet.

**21. BASIC AND DILUTED EARNINGS PER SHARE**

Basic earnings per share ("EPS") is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is same as basic earnings per share as the Group does not have any convertible securities or diluted instruments to exercise.

Basic and diluted earnings per share is as follows;

	<b>30 June 2023 (Unaudited)</b>	30 June 2022 (Unaudited)
Profit for the period	<b>2,593,726</b>	2,841,405
Weighted average number of shares	<b>3,000,000</b>	3,000,000
Basic and diluted earnings per share (SR)	<b>0.86</b>	0.95

There has been no item of dilution affecting the weighted average number of shares.

**22. CONTINGENCIES**

There were no significant contingencies and commitments as at 30 June 2023 and 31 December 2022.

**SAUDI PARTS CENTER COMPANY**  
(A Joint Stock Company)  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023  
(Amount in Saudi Arabian Riyals)

**23. FAIR VALUES OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability; the principal or the most advantageous market must be accessible to the Group.

The Group's financial assets consist of cash and cash equivalents, trade and other receivables and amount due from related parties and its financial liabilities consist of trade payables, lease liabilities, accruals, amount due to shareholder and amounts due to a related parties.

There is no change in the Group's financial risk management objectives and policies since the last annual financial statements. The fair values of the financial instruments have been assessed by management to be approximate to their carrying amounts due to their short-term nature.

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
<b>Financial assets</b>		
<b>Amortized cost</b>		
Trade receivables	10,345,911	9,111,545
Amounts due from related parties	1,143,729	2,227,583
Cash and Cash equivalents	1,751,661	3,146,685
	<u>13,241,301</u>	<u>14,485,813</u>
<b>Financial liabilities</b>		
<b>Amortized cost</b>		
Trade and other payables	24,292,899	11,794,691
Due to related parties	8,444,057	3,312,804
Lease liabilities	1,900,904	2,515,173
	<u>34,637,860</u>	<u>17,622,668</u>

**24. EVENTS AFTER THE REPORTING PERIOD**

No events have occurred subsequent to the reporting date and before the issuance of these consolidated financial statements which require adjustment or disclosure in these consolidated financial statements.

**25. SEGMENT INFORMATION**

The Group is solely engaged in retail trading of consumer goods and operates completely within the Kingdom of Saudi Arabia.

The Group is required to determine and present its operating segments based on the way in which financial information is organised and reported to the chief operating decision-maker (CODM). The CODM has been identified as the Board of Directors, as they makes the key operating decisions of the Group and are responsible for allocating resources and assessing performance.

Key internal reports received by the CODM, primarily the management accounts, focus on the performance of the Group as a whole.

The operations of all elements of the business are driven by the retail sales environment and hence have fundamentally the same economic characteristics. All operational decisions made are focused on the performance and growth of the retail outlets and the ability of the business to meet the supply demands of the stores.

**SAUDI PARTS CENTER COMPANY**  
(A Joint Stock Company)  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023  
(Amount in Saudi Arabian Riyals)

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**25. SEGMENT INFORMATION(CONTINUED)**

The Group has considered the overriding core principles of IFRS 8 'Operating segments' as well as its internal reporting framework, management and operating structure. The Directors' conclusion is that the Group has one operating segment, that of retailing.

Performance is measured by the CODM based on profit before Zakat as reported in the management accounts. Management believes that this measure is the most relevant in evaluating the results of the Group. As such, assets and segment liabilities are neither included in the internal management reports nor provided regularly to the management.

**26. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements were approved and authorized to issue by the Board of Directors of the Group on 12 Safar 1445H (corresponding to 28 August 2023).