AL OMRAN INDUSTRIAL TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDING ON 31 DECEMBER 2023

AL OMRAN INDUSTRIAL TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
The Index to the consolidated financial statements for the year ending on 31December 2023

Al Kharashi & Co.
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INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Al Omran Industrial Trading Company
(A Saudi Joint Stock Company)
Riyadh – Kingdom of Saudi Arabia

Opinion

We have audited the consolidated financial statements of Al Omran Industrial Trading Company (A Saudi joint stock company) (the "Company") and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial state-ments, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial per-formance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) endorsed in the Kingdom of Saudi Arabia and other standards and pronounce-ments issued by Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the international Code of Conduct and Ethics endorsed in the Kingdom of Saudi Arabia. Also fulfilled the requirements of the conduct of other ethics in accordance with those rules. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

For each key audit matter, a description of how our audit addressed the matter is set out below:

Key audit matters	How the matter was addressed in our audit
Revenue recognition: During the year ended December 31, 2023, Group's revenue amounted to SAR 130,4 million (2022: SAR 126,9 million). The Group continues to be under pressure to meet goals and expectations which may lead to misstatements in revenue recognition. Revenue recognition is considered a key audit matter due to there is a risk that management may override controls to misrepresent revenue transactions Refer to Note 4-15 of the consolidated financial statements for the accounting policy related to revenue recognition and Note 20 for the related disclosures.	We have performed the following procedures regarding revenue recognition: - Evaluating the appropriateness of the accounting policies related to the revenue recognition of the Group by taking into consideration the requirements of IFRS 15 "Revenue from Contracts with Clients". - Obtain an understanding of internal control procedures related to revenue recognition and their operational effectiveness, including anti-fraud controls when recognizing revenue in accordance with Group policy.. - Performance of audit analytical procedures for revenues, by comparing sales for the current year with the previous year, and identifying the causes of fundamental fluctuations, which require additional examination in light of our understanding of the Group's operating conditions, considering market conditions as well. - Testing sales transactions, on a sample basis, and perform cut-off tests of revenue to ensure that the revenue has been recognized in the correct period. - Assessing the adequacy of the disclosures that the management has included in the accompanying consolidated financial statements.

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INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

Key audit matters	How the matter was addressed in our audit
Inventory: As at December 31, 2023, the total carrying value of inventory amounted to SAR 117,7 million (2022: SAR 105,9 million), and the provision for inventory impairment amounted to SAR 2,75 million (2022: SAR 1,83 million). Inventories are recorded at the lower of cost or net realizable value, and an allowance is made, when required, for obsolete and slow-moving inventories. Management determines the level of obsolescence of inventory by considering its nature, useful life, expiration dates and sales fore-casts using historical trends and other qualitative factors. At each reporting date, inventory is writ-ten down when the inventory is expected to be sold at lower than cost. The inventory valuation was considered a key audit matter due to the significant judgments and key assumptions that management applies when evaluating the allowance for obsolete and slow-moving inventory and valuing impairment of inventory based on the net realizable value assessment. Refer to Note 4-5 of the consolidated financial statements for the accounting policy related to inventory and Note 8 for related disclosures	We have performed the following procedures regarding valuation and accuracy of inventory: - Evaluates the appropriateness of the Group's accounting policies for the recognition and measurement of inventories in line with the requirements of relevant accounting standards. - - Evaluation of the reasonableness of the group's policy for the provision for obsolete and slow-moving inventory by conducting a retrospective test, and comparing estimates, historical data and inventory records with the provision made for the current year and evaluating the correctness and adequacy of its calculation. - Attend physical counts of stock at selected locations to identify expired, damaged or slow-moving stock items; - Selecting a random sample from the finished production inventory items as at December 31, 2023 to review the net realizable value of those items by looking at the actual sales after the end of the year and the assumptions used by the management to verify the estimate of the inventory value at cost or net realizable value, whichever is lower; - Evaluate the completeness and adequacy of the inventory-related disclosures included in the Group's consolidated financial statements.

Other information included in the Group's annual report for the year ended 31 December 2023

Management is responsible for the other information. The other information consists of the information included in the annual report of the board of directors but does not include the consolidated financial statements and our report thereon, which are expected to be made available to us after the date of our report.
Our opinion on the consolidated financial statements does not cover the other information and we will not express any kind of assurance thereon.

With regards to our audit of the consolidated financial statements, our responsibility is limited to reading the other information described above, and when reading it, we take into account whether the other information does not materially correspond to the consolidated financial statements or information obtained during the audit process or otherwise appears to contain significant misstatements.

If, upon reading the board's report, we conclude that it contains material misstatements, we must inform those charged with governance of this matter.

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INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation for the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Account-ants (SOCPA) and in accordance with the companies' low and the company's articles of association, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

During our audit of the consolidated financial statements, we did not find the Group's violation of the provisions of the Companies Law or the provisions of the Company's Articles of Association.

For Al-Kharashi & Co.

Abdullah S. Al Msned
License No. (456)

الخراشي وشركاه
محاسبون و مراجعون قانونيون
س.ت: C.R.: 1010327044
Certified Accountants
& Auditors
AL-Kharashi Co.

Riyadh:
Ramadan 25,1445H
April 04, 2024G

AL OMRAN INDUSTRIAL TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	2023	2022
ASSETS			
Non-Current assets			
Property, Plant and equipment, net	6	32,763,855	35,664,217
Rights of use assets, net	7-1	9,582,779	1,199,042
Total Non-current assets		42,346,634	36,863,259
Current assets			
Inventory, net	8	114,914,267	104,078,751
Trade receivables, net	9	34,130,835	36,324,296
Prepayments and other debit balances, net	10	7,129,624	10,146,923
Cash and cash equivalents	12	42,946,825	2,756,587
Total Current assets		199,121,551	153,306,557
TOTAL ASSETS		241,468,185	190,169,816
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	120,000,000	60,000,000
Statutory reserve	14	11,494,460	11,494,460
Agreement reserve	15	695,834	695,834
Employee defined benefits obligations remeasurement		(1,969,435)	(2,829,600)
Retained earnings		29,322,999	46,101,978
Equity attributable to the shareholders of the company		159,543,858	115,462,672
Non-controlling interest		(793,459)	(512,642)
Total Equity		158,750,399	114,950,030
Liabilities			
Non-current liabilities			
Employees' defined benefits obligations	16-2	10,264,412	7,741,138
Loans – Long Term	17	-	917,570
Lease obligations - non-current	7-2	8,027,821	1,026,886
Total Non-Current liabilities		18,292,233	9,685,594
Current liabilities			
Loans – Short term	17	41,996,232	43,436,688
Lease obligations – Current	7-2	2,565,234	345,000
Trade Payables		6,423,454	5,244,818
Accrued expenses and other credit balances	18	5,814,107	8,492,291
Due to related parties	11-1	1,687,469	1,519,025
Provision for contingent Liabilities	19-A	2,297,211	2,297,211
Zakat provision	19-B	3,641,846	4,199,159
Total Current liabilities		64,425,553	65,534,192
Total liabilities		82,717,786	75,219,786
Total Equity and liabilities		241,468,185	190,169,816

Chief Financial Officer

Mustafa Mustafa Al-Sayed Shaalan

Chief Executive Officer

Abdul Rahman Mohammed bin Omran

The accompanying notes 1 through 28 form an integral part of these consolidated financial statements.

AL OMRAN INDUSTRIAL TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF COMPREHINSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(Saudi Riyals)

	Note	2023	2022
Revenue, net	20	130,438,494	126,933,111
Cost of sales	21	(110,903,688)	(92,248,482)
Gross profit		19,534,806	34,684,629
Selling and marketing expenses	22	(14,432,497)	(15,099,088)
General and administrative expenses	23	(10,678,212)	(7,370,951)
Profit from operating activities		(5,575,903)	12,214,590
Provision expense for contingent Liabilities		-	(300,000)
Finance costs	24	(6,574,280)	(3,385,177)
Other income		157,717	86,955
profit before zakat		(11,992,466)	8,616,368
Zakat	19-B	(2,158,356)	(2,884,282)
(Loss) / profit for the year		(14,150,822)	5,732,086
(Loss) /Profit (Loss) atruitable to :		-	
Equity holders of the parent		(13,906,393)	5,791,528
Non-Controling intersests		(244,429)	(59,442)
		(14,150,822)	5,732,086
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Re-measure employees' end of service benefits	16-2	823,777	(1,588,346)
Net comprehensive (loss) \ income for the year		(13,327,045)	4,143,740
Total comprehensive (loss) \ income for the year			
The Equity holders of the parent		(13,290,657)	4,179,382
Non-controlling property intrest		(36,388)	(35,642)
		(13,327,045)	4,143,740
(Loss) / earnings per share from the net profit for the year attributable to the shareholders of the company	25		
Basic and diluted earnings per share		(2.03)	0.97

Chief Financial Officer

Mustafa Mustafa Al-Sayed Shaalan

Chief Executive Officer

Abdul Rahman Mohammed bin Omran

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AL OMRAN INDUSTRIAL TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(Saudi Riyals)

	Share capital	Statutory reserve	Agreement reserve	Employee defined benefits obligations remeasurement	Retained earnings	Total equity attribute to shareholders	Non-controlling Interest	Total
Balance in 1 January 2022	60,000,000	10,915,307	695,834	(1,217,454)	45,389,603	115,783,290	(477,000)	115,306,290
Net profit for the year	-	-	-	-	5,791,528	5,791,528	(59,442)	5,732,086
Other comprehensive income	-	-	-	(1,612,146)	-	(1,612,146)	23,800	(1,588,346)
Total comprehensive income (loss) for the year	-	-	-	(1,612,146)	5,791,528	4,179,382	(35,642)	4,143,740
Dividends	-		-	-	(4,500,000)	(4,500,000)	-	(4,500,000)
Transferred to statutory reserve	-	579,153	-	-	(579,153)	-	-	-
Balance as at 31 December 2023	60,000,000	11,494,460	695,834	(2,829,600)	46,101,978	115,462,672	(512,642)	114,950,030
Balance in 1 January 2023	60,000,000	11,494,460	695,834	(2,829,600)	46,101,978	115,462,672	(512,642)	114,950,030
Capital increase	60,000,000					60,000,000		60,000,000
Costs related to increasing priority rights capital	-	-	-	-	(2,872,586)	(2,872,586)		(2,872,586)
Net profit for the year	-	-	-	-	(13,906,393)	(13,906,393)	(244,429)	(14,150,822)
Other comprehensive income	-	-	-	860,165	-	860,165	(36,388)	823,777
Total comprehensive (loss) \ income for the year	-	-	-	860,165	(13,906,393)	13,046,228	(280,817)	13,327,045
Dividends	-	-	-	-	-	-	-	-
Transferred to statutory reserve	-	-	-	-	-	-	-	-
Balance as at 31 December 2023	120,000,000	11,494,460	695,834	(1,969,435)	29,322,999	159,543,858	(793,459)	158,750,399

Chief Financial Officer

Mustafa Mustafa Al-Sayed Shaalan

Chief Executive Officer

Abdul Rahman Mohammed bin Omran

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AL OMRAN INDUSTRIAL TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Saudi Riyals)

	Note	31 December 2023	31 December 2022
Cash flows from operating activities			
Net (Loss)/ income before zakat		(11,992,466)	8,616,368
Adjustments to reconcile the net profit for the year before zakat to the net flow cash generated from operating activities:			
Depreciation of property, plant, and equipment	6	2,788,769	2,818,124
Amortization of the right of use assets	7	1,700,871	417,682
Provision for slow moving inventory	8	1,178,887	145,277
Written off /Create provision for expected credit losses	9	1,011,617	-
Settlements of lease obligations		(244,700)	-
Provision for contingent Liabilities		-	300,000
Finance costs	23	6,574,280	3,385,177
Employee Defined benefits obligations	16	3,522,500	685,710
		4,539,758	16,368,338
Changes in working capital items:			
Inventory		(12,014,403)	(1,382,083)
Trade receivables		1,181,844	2,116,258
Prepayments and other debit balances		3,017,299	(3,295,886)
Due to related party		168,444	978,267
Trade payable		1,178,636	650,807
Accrued expenses and other credit balances		(2,678,184)	(3,431,551)
Net Cash flows (used in)/ generated from working capital		(4,606,606)	12,004,150
Employee Defined benefits obligations paid	16	(523,801)	(1,598,522)
Zakat paid	19	(2,715,669)	(1,451,784)
Net Cash (used in) /generated from operating activities		(7,846,076)	8,953,844
Cash flows from investing activities			
Additions to property, plant, and equipment	6	(46,292)	(506,847)
Proceeds from the sale of property, plant and equipment		157,886	-
Net cash generated from /(used)in investing activities		111,594	(506,847)
Cash flows from financing activities:			
Payment of lease obligations		(1,139,942)	(720,000)
Finance costs paid		(5,704,726)	(3,229,942)
Collected from loans short and long terms	17	203,616,229	122,346,647
Paid loans short and long terms	17	(205,974,255)	(123,699,664)
Proceeds from capital increase		60,000,000	-
Costs related to increasing priority rights capital		(2,872,586)	-
Paid Dividends		-	(4,500,000)
Net cash generated from **(used in) from financing activities**		47,924,720	(9,802,959)
Net change in cash and cash equivalents		40,190,238	(1,355,962)
Cash and cash equivalents at the beginning of the year	12	2,756,587	4,112,549
Cash and cash equivalents at end of the year		42,946,825	2,756,587
Non-cash transactions			
Additions to right-of-use assets and lease liabilities		(10,084,608)	-

Chief Financial Officer
Mustafa Mustafa Al-Sayed Shaalan

Chief Executive Officer
Abdul Rahman Mohammed bin Omran

The accompanying notes 1 through 28 form an integral part of these consolidated financial statements

(Saudi Riyals)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Al-Omran Industrial Trading Company ("the company") is a Saudi joint stock company that operates under the Commercial Registration No. 1010187735 issued from Riyadh on Rabi' Al-Akhir 18, 1424H, corresponding to June 18, 2003.
As referred in note (2), the consolidated financial statements include the financial statements of the company and its subsidiary - Al-Omran Plastic Industries Company, and they are collectively referred to as the "Group".
The issued and authorized capital of the Group is 120 million Saudi riyals, divided into 12 million shares, each share value of 10 Saudi riyals.
The group operates through the following branches, whose assets, liabilities and business results are included in the accompanying consolidated financial statements:

Name of branch	CR No.	CR date	CR date	City
Al Raha air conditioner Factory	1010154984	27 Rabi' al-Akhir 1420 AH	9 August 1999	Riyadh
Al-Omran Metal Kitchens Factory	1010440482	19 Muharram 1437 AH	1 November 2015	Riyadh
Al-Omran Company for Industry and Trade	1131291944	06 Rabi' al-Akhir 1439 AH	24 December,2017	Buraidah
Al-Omran Company for Industry and Trade	2050115326	29 Rabi' al-Akhir 1439 AH	16 January, 2018	Dammam
Zawya Al Reef Factory for display refrigerators and freezers	1010179603	3 Jumada al-Akhir 1423 AH	12August, 2022	Riyadh
Al-Omran Company for Industry and Trade	4650226209	14 Jumada al-Awwal 1442 AH	29 December,2020	Riyadh

- The company activity is in the production of household and electronic devices, metal, plastic, paper, and cardboard industries, and complementary works under Industrial License No. (1677 / S) issued on 12 Jumada al-Akhir 1428H (corresponding to June 27, 2007) and the import, export, wholesale and retail trade of household and electronic devices and products. Plastic, paper, cardboard, spare parts, purchase of lands for constructing buildings on them, investing them for the benefit of the company, and managing and operating real estate for the benefit of the company.
- The activity of the Al Raha Air Conditioners Factory - Al-Omran Industrial Trading Company - is in the manufacture of air conditioners (units or central), Freon, manufacturing desert air conditioners of various sizes under the renewed industrial license by Resolution No. 411102101929 dated Jumada Al-Awwal 26, 1441H corresponding to January 21, 2020.
- The activity of Al-Omran Metal Kitchens Factory - the branch of Al-Omran Plastic Industries Company - is the production of metal industries under the renewed industrial license by Resolution No. 1001008484 dated Safar 29 1441H corresponding to October 28, 2019.
- Zawiya Al-Reef Factory activity for display refrigerators and refrigerators - the branch of Al-Omran Industrial Trading Company - is represented in other industries of manufacturing freezing and refrigeration equipment and its accessories for commercial purposes, including refrigerators and freezers for display and sale, and water and liquid coolers in the facilities

2. Group structure

The consolidated financial statements as at December 31, 2022 include the financial statements of the company, its subsidiaries and the following subsidiary company (collectively referred to as "the Group"):

Group name	Commercial Registration No	Country of incorporation	ownership percentage	
			31 December 2023	31 December 2022
Al-Omran for plastic industries	1010432884	Saudi Arabia	**٪ 70**	٪ 70

- Al-Omran Plastic Industries Company (subsidiary company) is a limited liability company practicing its activities under Commercial Registration No. 1010432884 issued from the city of Riyadh on Rajab 2, 1436H corresponding to April 21, 2015.
- The main activity of Al-Omran Plastic Industries Company (subsidiary company) is the production of air conditioner faces, plastic air conditioner spare parts, spoons, shokats, plastic knives, fittings connections, profile water standards, display shelves, display

shelves joints, plastic chairs, plastic containers and industrial and plastic refrigerator door profiles under the renewed industrial license by the decision. No. 1001008937 on Safar 29, 1441H, corresponding to October 28, 2019.
The accumulated losses of Al-Omran Plastic Industries Company as on December 31, 2023, amounted to SR 1,924,300, which exceeds half of the capital and in compliance with the requirements of the Saudi Companies Law. The partners decided in their meeting on Ramadan18, 1445H , March 28,2024. continuing the company's operations and providing the necessary funds to meet the obligations when they are due and continuing to provide the necessary financial support to the company, including any requirements that may arise from the current liquidity deficit when required to do so, the financial statements have been prepared assuming the continuity of the company. This decision has not been published in the methods stipulated in the Companies Law yet.

3. BASIS OF PREPARATION

A- Statement of Compliance:

These Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncement issued by Saudi Organization for Certified Public Accountants ("SOCPA").

Wherever the phrase "International Financial Reporting Standards" appears in these notes, it refers to "International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and versions approved by the Saudi Organization for Certified Public Accountants." The approved international standards are the international standards as issued by the International Council, in addition to the requirements and disclosures that the Authority added to some of these standards, according to what was stated in the International Financial Reporting Standards approval document. What is meant by standards and other publications is what the Saudi Organization for Auditors and Accountants adopts in terms of standards and technical opinions on topics not covered by international standards.

B- Basis of measurement:

The consolidated financial statements have been prepared in accordance with the historical cost principle except in cases where international financial reporting standards require another basis for measurement as disclosed in the accounting policies in note (3) of the notes about the accompanying consolidated financial statements.

C- Presentation and functional currency:

These consolidated financial statements are presented in Saudi Riyals, which is the company's functional currency as well as the presentation currency.

D- Basis of Consolidation:

The consolidated financial statements include the financial statements of Al-Omran Industrial Trading Company and its branches and its subsidiary (the group) as stated in note (2).

Control is achieved when the group has:

- The ability to control the invested facility.
- A right to variable returns as a result of their association with the investee.
- The ability to use its control to influence investment returns

The Group reassesses whether or not it controls any of the invested entities, if facts and circumstances indicate the occurrence of changes in one or more of the elements of control referred to above.

When the group's voting rights in any of the invested establishments are less than the majority of the voting rights in it, the company has control over that investee when the voting rights are sufficient to give it the practical ability to direct the activities related to the invested facility unilaterally. The group takes into account all relevant facts and circumstances when assessing whether the company has voting rights in the investee group to give it control. These facts and circumstances include:

- The size of voting rights the group possesses in relation to the size and extent of ownership of other voting rights holders.
- The potential voting rights of the group and other voting rights holders or other parties.
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances that may indicate that the group has, or does not have, the current ability to direct relevant activities when decisions are needed, including how to vote at previous shareholder meetings.

The process of consolidating a subsidiary begins when the group gains control over that subsidiary, while that process stops when the group loses control of the subsidiary. In particular, the income and expenses of the subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the group acquires control until the date on which the group's control over the subsidiary ends.

The consolidated statement of profit or loss and each component of the other comprehensive income are distributed among the shareholders of the Group. The total other comprehensive income of the subsidiary is distributed among the shareholders of the group.

When necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies into line with those used by the group.

All transactions and balances including assets, liabilities, equity, revenues, expenses and cash flows arising from intra-group transactions are eliminated upon consolidation.

D- Basis of Consolidation: (continued)

Changes in the group's equity in existing subsidiaries

Changes in the group's ownership in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying values of the group's ownership and the non-controlling interests are adjusted to reflect changes in its ownership in the subsidiaries. Any difference between the value of the non-controlling interest adjustment and the fair value of the consideration paid or received is recognized directly in equity and attributable to the shareholders of the group.

When the group loses control over the subsidiary, any profit or loss is recognized in the consolidated income statement and is calculated on the basis of the difference between 1- the total fair value of the amount received and the fair value of any interest retained and 2- the previously listed book value of the assets (including goodwill) Liabilities of the subsidiary and any non-controlling interest. All amounts previously recognized in other comprehensive income related to that subsidiary are accounted for as if the group had eliminated the assets or liabilities of the subsidiary directly (in other words, reclassification to profit or loss or transfer to another classification in equity as specified / Allowed in accordance with International Financial Reporting Standards).

The fair value of the ratios that are retained from the investment in the previous subsidiary at the date of loss of control is considered as the fair value of the investment remaining upon initial recognition in subsequent periods in accordance with IFRS 9 and in the event that it becomes an associate company or a joint venture then the fair value is considered as a cost for the initial recognition of the investment in an associate or a joint venture.

E -The new and amended International Financial Reporting Standards that have been issued but whose application is not yet due

The following is a statement of the new standards and amendments to the standards applied for the years beginning on or after January 1, 2024, with early application permitted, but the Company did not apply them when preparing these financial statements. These amendments are not expected to have a material impact on the Company's financial statements.

Amendments to IFRS 16 - Lease Obligations on Sale and Leaseback Transactions:

These amendments include requirements for sale and leaseback transactions in IFRS 16 to clarify how a company accounts for sale and leaseback transactions after the date of the transaction. Sale and leaseback transactions in which some or all of the lease payments are considered to be variable lease payments based on an index or rate that is highly probable. !

Amendments to International Accounting Standard 1 - Non-current liabilities with commitments and classification of liabilities as current or non-current:

These amendments explain how compliance with the conditions with which a company must comply within a twelve-month period affects liabilities. These amendments also aim to improve the information provided by the company regarding the liabilities subject to these conditions.

Amendments to IAS 7 and IFRS 7 – Supplier financing arrangements

IFRS (Sustainability 1) "General requirements for disclosure of financial information related to sustainability"

This standard includes the basic framework for disclosing material information about sustainability-related risks and opportunities across an organization's value chain.

IFRS (Sustainability 2) "Climate-related disclosures"

This is the first objective standard issued that sets requirements for entities to disclose information about climate-related risks and opportunities.

4. SIGNIFICANT ACCOUNTING POLICIES

4-1 Classification of assets and liabilities into current or non-current

The Group presents the assets and liabilities in the consolidated statement of financial position on a current or non-current basis. An asset is classified under current assets if:
• The expectation that the asset will be realized or that there is an intention to sell or depreciate it during the group's normal business cycle, or
• The asset is held primarily for the purpose of trading, or
• The asset is expected to be realized within 12 months after the date of the consolidated statement of financial position, or
• Being in cash or cash, unless it is forbidden to exchange the asset or use it to settle a liability within at least 12 months from the date of the consolidated balance sheet.

All other assets are classified as non-current.

A liability is considered a current liability if:
• Expecting the settlement of the obligation during the normal business cycle of the group, OR
The liability is held mainly for the purpose of trading, or
• The obligation is expected to be settled within 12 months after the date of the consolidated statement of financial position, or
• The absence of an unencumbered right to postpone the settlement of the obligation for a period of at least 12 months after the date of the consolidated statement of financial position.
The Group classifies all other liabilities as non-current liabilities.
Tax assets and liabilities are classified as non-current assets and liabilities.

4-2 Financial instruments

Financial instrument represents contracts that give rise to financial assets of one entity and financial liabilities or an ownership instrument of another entity.

4-2-1 Financial Assets

IFRS 9 includes three main categories of classification of financial assets: measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss. The Group generally classifies its financial assets on the basis of the business model under which the financial assets are managed and their contractual cash flows.
1- Financial assets at amortized cost:
A financial asset is measured at amortized cost if the following two conditions are met and the FVTPL classification is not chosen:

The asset is held within a business model that aims to hold assets to collect contractual cash flows, and
- Contractual periods for financial assets that generate cash flows on specified dates and that are only payments for principal and interest on the principal amount due for repayment.

Business Model Assessment

The group performs an objective assessment of the business model in which the asset is held at the portfolio level as this reflects the best way to manage the business and present the information to management.

2- Fair value through other comprehensive income:

Debt instruments

A debt instrument is not measured on the basis of FVTPI only if it fulfills the following two conditions and has not chosen to classify it according to FVTPL:
- The assets are held within a business model whose goal is achieved by collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset generate on specified dates cash flows that are only initial payments and interest on the outstanding principal amount.

4-2 Financial instruments (continued)
4-2-1 Financial Assets (continued)

Equity instruments

On initial recognition of an investment in equity instruments that are not held for trading, the Group may irrevocably elect to present the subsequent changes in fair value in the consolidated statement of profit and loss and other comprehensive income. Selection is made on the basis of each investment.

3- Financial assets at FVTPL

All other financial assets are classified as measured at fair value through profit or loss.

In addition, upon initial recognition, the company may choose to classify a financial asset at fair value through profit or loss if the requirements for its classification as a financial instrument at amortized cost or at fair value through other comprehensive income do not meet the requirements, if this reduces or reduces the accounting mismatch in essence, which may appear in other matters.

Financial assets are not reclassified after initial recognition, except for the period after the Group changes its business model for managing financial assets.

Financial assets held for trading, if any, and whose performance is evaluated on the basis of fair value are measured and included in financial assets at fair value through profit or loss because they are not held to collect contractual cash flows nor are, they held to collect contractual cash flows and sell the financial assets.

Impairment of financial assets

The impairment model applied by the Group is based on the "expected losses" model as defined in IFRS 9 "Financial Instruments".

Expected credit losses are included in the relevant loss allowances at an amount equal to:

- Twelve-month expected credit losses (expected credit losses resulting from delinquencies related to financial instruments that may occur within twelve months after the reporting date); or
- Expected credit losses over the life of the financial instrument (expected credit losses resulting from all cases of delinquency over the life of the financial instrument).

A provision for impairment losses is recognized for expected credit losses over the life of the financial instrument if the credit risk of the financial instrument is significantly greater than that risk upon initial recognition, including contractual assets and trade receivables that do not include material financing elements. The life of the contractual assets and trade receivables that contain substantial financing elements in accordance with IFRS 9

Expected credit losses for other financial instruments are measured at the expected credit loss for a twelve-month period. The Group uses practical methods when estimating expected credit losses over the life of the financial instrument. As a result, life time expected credit losses of the financial instrument are calculated in relation to trade receivables using the assessment of the recoverability of the total carrying value of each customer.

Derecognition

Mainly derecognition of a financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognized (i.e., excluded from the company's consolidated statement of financial position) when:

-The right to receive cash flows from the asset has expired, or

-The group has transferred its rights to receive cash flows from an asset or incurs an obligation to pay the cash flows received in full without material delay to a third party under a "pass" agreement, or (a) the group transfers all risks and benefits of the asset or (b) the group fails to transfer or retaining all risks and rewards of the asset, but transfers control of the asset.

-When the Group has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement, it evaluates whether, and to what extent, it has retained the risks and benefits associated with ownership and has not transferred or retained substantially all of the risks and rewards associated with the asset and has not transferred its control over the asset.

The asset, and the group continues to recognize the transferred asset to the extent that the group's relationship continues. In that case, the group continues to recognize also the liabilities related to the asset. The associated liability and the transferred asset are measured on a basis that reflects the rights and liabilities that the group has retained.

The continuation of the relationship, which takes the form of a guarantee on the transferred asset, is measured at the original book value of the asset and the maximum amount that the Group can be required to repay, whichever is less.

4-2 Financial instruments (continued)

4-2-2 Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan obligations, as liabilities that are measured at amortized cost. The amortized cost is calculated by taking into account any discounts or premiums for obtaining financing, and the costs of obtaining financing form an integral part of the effective interest rate.

Derecognition

A financial liability is derecognized when it is discharged, canceled or expires. When an existing financial obligation is substituted for another from the same lender under completely different terms or the conditions of the present obligation substantially, then such replacement or amendment is treated as canceling a restriction of the original financial obligation with the recognition of the new obligation. The difference between the relevant carrying values is recorded in the consolidated statement of profit and loss and other comprehensive income.

4-2-3 Offsetting

Financial assets and financial liabilities are offset and recorded net in the consolidated statement of financial position only when there is a current enforceable right in order to settle the listed amounts and the group has the intention to settle the assets with liabilities on a net basis or realize the assets and settle the liabilities simultaneously.

4-3 Property, plant and equipment

Property, plant and equipment are recognized initially at the cost of acquisition, including any costs directly attributable to returning the assets to the site and in the condition necessary to enable them to operate in the manner intended by the Group's management. These assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, if any.

When the major components of items of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Depreciation is charged to the consolidated statement of profit or loss and calculated on the straight-line method to allocate the costs of the related assets after deducting the residual values over the estimated useful lives of each item of property, plant and equipment. The following are the estimated depreciation percentages of the assets:

Category	Percentage	Category	Percentage
Buildings	4%	Furniture	10-25%
Plant and equipment	10-25%	Security system	12,5%
Vehicles	25%		

Impairment

The carrying values of property, plant and equipment are reviewed for the purpose of determining whether there is a decrease in their value, in the presence of events or changes in circumstances indicating that the book value may not be recoverable. When this indication exists, and when the asset's carrying value exceeds its recoverable value, which represents the fair value of the asset after deducting its selling costs or its use value, whichever is higher.

The cash-generating unit for which impairment is measured is defined as the smallest specific group of assets that produces cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The carrying amount of the asset is reduced directly to its recoverable amount if the carrying value of the asset is greater than its estimated recoverable value.

Capital work in progress

Assets under construction or development are capitalized within capital work-in-progress. Assets under construction or development are transferred to the appropriate category of property, plant and equipment, or intangible assets (depended on the nature of the project), upon the arrival of the asset to the site and / or the necessary condition to be able to operate in the manner that the management sees fit. The cost of the capital work-in-progress line includes the purchase price, the construction / development cost and any other costs directly related to the creation or acquisition of the capital work-in-progress item that appears to be management. Costs associated with testing capital work-in-progress items (before they are available for use) are capitalized net after deducting proceeds from the sale of any production during the probationary period. Capital work-in-progress is not depreciated or amortized.

Repairs and maintenance are charged to the consolidated statement of profit and loss. Repairs and maintenance expenses that increase the value of the assets or increase their useful life materially are capitalized.

The depreciation method, residual value estimates and useful life estimates are reviewed annually.

Any item of property, plant and equipment and any significant part that was initially recognized is discontinued upon disposal or when there are no future benefits expected from use or disposal. Any gains or losses arising from derecognition of any asset (which are accounted for as the difference between the net proceeds) are included.

4-2 Financial instruments (continued)

4-4 Impairment of non-financial assets

The group annually evaluates whether there are any indicators of impairment in its assets, and in case these indicators are present, the recoverable value is estimated to compare it with the book value. If it is difficult to estimate the recoverable value, the group will estimate the recoverable value of the smallest cash-generating unit, which was Assigning an asset to it and generates cash inflows for the company from continuous use and is largely independent of the company's cash inflows from assets or other cash-generating units.

The recoverable value of the asset or the cash-generating unit is the value currently in use or the fair value fewer selling costs, whichever is greater. Asset-specific risks, if the recoverable value of the asset (or cash-generating unit) is estimated at less than it carrying value, the impairment loss is recognized directly in the consolidated statement of profit or loss.

Impairment losses recognized in previous years are evaluated at the reporting date to verify that there are indications that the losses have decreased or no longer exist. Impairment losses are reversed when the estimates used in determining the recoverable value are changed, and impairment losses are also reversed to the extent that they do not exist. Where the book value of the assets exceeds the book value that could have been determined in the past, minus depreciation or amortization in case the impairment loss was not recognized.

4-5 Inventory

Inventory is measured at cost or net realizable value, whichever is lower. The cost of inventory sold during the year is recognized as an expense under the "cost of revenue" in the consolidated statement of profit or loss. The cost is determined on a weighted average basis. Inventory, production or transfer costs, and other costs incurred to equip them on site and conditions located therein, in the case of manufactured inventory and production in operation, costs include the appropriate share of other industrial costs based on normal operating capacity.

Net realizable value is the estimated selling price in the regular business cycle less the estimated selling costs.

Inventory is written off when it is not able to provide economic benefits to the group. This may be because it has been damaged, lost, stolen, or any other reason for the inability to provide economic benefits. The book value of the written off inventory is charged to the cost of revenue.

Spare parts are measured at cost or net realizable value, whichever is lower. The cost is determined on a weighted average basis. Any decline in the carrying value of the spare parts is assessed at each reporting date.

4-6 Borrowing cost

Finance costs for borrowings that are directly used to finance the construction of the assets are capitalized during the period of time required to complete those assets and prepare them for their intended use. Other borrowing costs are recorded as an expense in the period in which they are incurred and included under 'Finance Cost' in the consolidated statement of profit and loss.

4-7 Cash and cash equivalents

For the purposes of preparing the consolidated statement of cash flows, the item of cash and cash equivalents consists of cash in hand, current accounts, deposits with banks, and other highly liquid short-term investments with original maturities within three months or less of the date of acquisition, which can be easily converted into a specified cash amount and are subject to immaterial risks of change. In value and are available for group uses.

4-8 Capital

Financial instruments issued by the Group are classified as equity to the extent that they do not fulfill the definition of a financial liability or a financial asset.

4-9 Employee benefits

4-9-1 Short-term obligations

Liabilities related to wages and salaries, including non-monetary benefits, accrued leaves and travel tickets expected to be paid in full within twelve months after the end of the period in which employees provide the related services, are recognized based on the services provided by employees up to the end of the consolidated financial statement period. It is measured by the amounts expected to be paid when the liability is settled. The liabilities are presented as current employee benefit liabilities in the accrued expenses in the consolidated statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIESB (CONTINUED)

4-9-2 Other obligations related to long-term employee benefits

The liability or the asset is recognized in the consolidated statement of financial position in respect of the specific remuneration. The employee's end of service benefit obligation is the present value of the defined benefit obligation in the financial reporting year. The defined benefit obligation is computed annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using high-quality corporate bond interest rates in the currency in which the bonuses will be paid, and the terms of which are close to the terms of the related obligation.

The defined benefit costs are classified as follows:

Service cost

Service costs include current service cost and past service cost which are recognized directly in the consolidated statement of profit or loss.

Changes in the present value of defined benefit obligations from plan adjustments or reductions are recognized directly in the consolidated statement of profit or loss as past service costs.

Interest cost

The net interest cost is calculated by applying the discount rate to the net defined benefit obligation balance. This cost is included in the employee benefit expense in the consolidated statement of profit or loss.

Remeasurement profits or losses

Re-measurement gains or losses arising from adjustments or changes to the actuarial assumptions in the year in which they occur are recognized directly in other comprehensive income.

4-10 Provisions

A provision is recognized if, as a result of past events, it appears that the Group has a present legal or contractual obligation the amount of which can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Provisions are reviewed at each consolidated statement of financial position date and adjusted to reflect the current best estimate.

4-11 Contingent liabilities

All contingent liabilities arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not fully controlled by the group, or all current liabilities arising from past events but are not established for the following reasons: (1) There is no possibility that an outflow of resources embedded in the economic benefits will be required to settle the obligation, Or (2) the amount of the obligation cannot be measured with sufficient reliability; Therefore, all of them must be evaluated at each consolidated statement of financial position date and disclosed in the consolidated financial statements of the company as a potential liability.

4-12 Right of use assets

The group recognizes right-of-use assets on the lease commencement date (i.e. the date on which the subject asset becomes available for use). Right-to-use assets are measured at cost less any accumulated depreciation and any impairment losses, and are adjusted for any remeasurement of lease obligations. The cost of right-of-use assets includes the amount of recognized lease obligations, initial direct costs incurred and lease payments made on or before the commencement of the lease, less any lease incentives received and costs of restoring the asset. Unless the Group is reasonably certain about acquiring ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated according to the straight-line method over the estimated useful life or the lease term, whichever is shorter. Right-of-use assets are subject to impairment.

4- SIGNIFICANT ACCOUNTING POLICIESB (CONTINUED)

4-13 Lease obligations

At the inception of a lease, the Group recognizes lease obligations that are measured at the present value of lease payments to be paid over the term of the lease. Rental payments include fixed payments (including actual fixed payments) minus any rental incentives receivable, variable rental payments that are index or rate based, and amounts expected to be paid under residual value guarantees. Lease payments also include the reasonably assured exercise price of the purchase option exercised by the Group and payments of termination fines if the lease reflects the Group's exercise of the option to terminate. Variable lease payments that are not dependent on a specific indicator or rate are recognized as an expense in the year in which the event or circumstance triggers the payment.

In calculating the present value of the lease payments, the Group uses the default borrowing rate at the inception of the lease agreement if the interest rate implicit in the lease cannot be determined easily. After the lease commencement date, the lease liability amount is added to reflect the interest increase and reduced according to the lease payments paid. In addition, the carrying amount of the lease obligation is re-measured if there is an amendment or change in the lease term; Whether it is a change in actual fixed lease payments or a change in the valuation of purchasing the underlying asset.

Short-term leases and leases with low-value assets

The Group applies the recognition exemption for short-term leases to its short-term leases for leased real estate (i.e. leases with a term of 12 months or less from the contract commencement date and does not include a purchase option), and also applies the recognition exemption for leases with low-value assets. Lease payments related to short-term leases and leases with low-value assets are recognized as an expense on the straight-line method over the term of the lease.

4-14 Loans

Borrowings are initially recognized at fair value (as proceeds received). Net after deducting transaction costs, if any. Subsequent to initial recognition, long-term borrowings are measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of profit and loss over the term of the loan using the effective interest rate method. Fees paid on loan facilities are recognized in the loan transaction costs to the extent that it is probable that some or all of the facilities are withdrawn. In this case, the fees are postponed until the facilities are withdrawn, and the fees are capitalized within the advance payments for liquidity services to the extent that there is no evidence of the possibility of withdrawing part or all of the facility, and they are amortized over the period of the related facility.

Borrowings are no longer recognized in the consolidated statement of financial position when the obligation is either settled, canceled or expires. The difference between the carrying amount of the financial liabilities that have been amortized or transferred to another party and the material consideration paid, including the transferred non-cash assets or the liabilities assumed, is recognized in the consolidated statement of profit and loss in other income or financing costs.

Borrowings are classified under current liabilities unless the company has an unconditional right to defer settlement of the obligation for a period of at least 12 months after the financial reporting year.

General and specific borrowings directly related to the purchase, construction or production of assets that qualify for capitalization are capitalized during the time period required to complete and prepare the asset for its intended use or sale, as appropriate. Qualifying assets are those that necessarily take a long period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings until they are spent on qualifying assets is deducted from borrowing costs eligible for capitalization.

Other borrowing costs are recognized as an expense in the year in which they are incurred in the consolidated statement of profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4-15 Revenue recognition

The Group recognizes revenue from contracts with customers based on the five-step model referred to in IFRS 15, which includes:

A) Determine the contract with the customer, that is, the agreements with the group that create enforceable rights and obligations.

B) Specifying performance obligations in the contract, such as promises to transfer products or services.

C) Determining the transaction price based on the consideration that the Group expects to receive in exchange for fulfilling its performance obligations (excluding any sums collected on behalf of other parties).

D) Distribute the transaction price for each performance obligation based on the estimated independent selling price of the products or services provided to the customer.

E) Revenue is recognized when (or as soon as) the entity satisfies the terms of performance of the obligation, such as the transfer of contractual products or services to the customer.

And the customer gets to take control. This may be over time or at a specific time.

Revenue is measured at the fair value of the consideration received or receivable, taking into account the payment terms specified in the contract and excluding taxes or duties. It must also be met.

The specific criteria described below before revenue is recognized. In the absence of specific conditions, the above poicy applies and revenue is recorded when earned and its entitlement.

The following is a description of the main activities from which the Group generates revenue:

Retail sales from stores

The Group operates a chain of retail stores. Revenue from the sale of goods is recognized when the Group sells a product to a customer. The transaction price payment is due immediately when the customer purchases the product. The Group's revenues from retail operations also include revenues recognized from providing certain services related to the sale of some of its products, including but not limited to delivery, installation, etc. Revenues from these services are recognized at a specific point in time.

Wholesale Sales

The group also sells to other distributors. Revenue is recognized when control of the products is transferred, or when the products are delivered to the distributor, and there is no unfulfilled obligation affecting the products.

Performance obligation guarantee provision

The group sells products for electrical appliances, including a warranty against manufacturing defects for a period of two years, whether for products manufactured internally or purchased from suppliers. the future.

Revenues from industrial activity

Revenues from business activity represent sales of manufactured products. Revenues are measured at the fair value of the consideration received or receivable for the sale of goods during the ordinary course of the Group's business. The Group recognizes revenue upon transfer of control of the goods, when the products are delivered to the customer, the customer has absolute and complete authority over the use or sale of those goods, and there is no unfulfilled obligation that might affect the customer's acceptance of the goods. Delivery occurs when the goods are shipped to the specified location in accordance with the terms of the contract and the risks of obsolescence and loss have been transferred to the customer. The customer either accepts the goods in accordance with the sales contract or with the expiration of the acceptance provisions or the Group has objective evidence that all acceptance criteria have been met. Revenues from this type of revenue are recognized at a specific point in time. Sales warranties, which accompany merchandise that cannot be purchased separately, serve as confirmation that the products sold meet agreed specifications. Accordingly, the Group accounts for guarantees in accordance with International Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets" in accordance with its previous accounting treatment.

Revenue from business activity

Revenues from commercial activity represent sales of finished products that are purchased and resold. Revenues are measured at the fair value of the consideration received or receivable for the sale of goods during the normal course of the group's business. The Group recognizes revenue upon transfer of control of the goods, when the products are delivered to the customer, the customer has absolute and complete authority over the use or sale of those goods, and there is no unfulfilled obligation that might affect the customer's acceptance of the goods. Delivery occurs when the goods are shipped to the specified location in accordance with the terms of the contract and the risks of obsolescence and loss are transferred to the customer. The customer either accepts the goods in accordance with the sales contract or with the expiration of the acceptance provisions or the Group has objective evidence that all acceptance criteria have been met. Sales warranties, which accompany merchandise that cannot be purchased separately, provide assurance that the products sold meet agreed specifications and revenue from this type of revenue is recognized at a specific point in time. Accordingly, the Group accounts for guarantees in accordance with International Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets" in accordance with its previous accounting treatment.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4-16 Selling and marketing expenses

Selling and marketing expenses comprise all costs of selling and marketing the group's products and include advertising expenses, marketing fees and other indirect expenses related to sales.

4-17 Management expenses

Administrative expenses include indirect costs that are not identified as part of the company's cost of sales or selling and marketing activities and logistical activities of the company. Finance (costs) / income is presented as a separate line item in the consolidated statement of profit and loss.

4-18 Zakat

In accordance with the regulations of the General Authority for Zakat and Income (the "Authority"), the group is subject to Zakat. The zakat provision for the company is recognized and charged to the consolidated statement of profit and loss. Additional zakat liabilities, if any, relating to prior-year assessments are computed by GAZT in the period in which the final assessments are issued.

The group is primarily eligible to pay zakat only. Whereas, reversing the timing differences, if any, is not expected to have any material impact on the amount of Zakat in the foreseeable future, and therefore no deferred tax liability or asset has been recognized in these consolidated financial statements.

4-19 Transaction and balances in foreign currencies

Transactions in foreign currencies are converted into Saudi riyals using the exchange rate prevailing on the date of the transactions. Foreign exchange gains and losses resulting from the settlement of these transactions and from re-measurement of monetary items denominated in foreign currency at the exchange rates prevailing at the end of the year are recognized in the consolidated statement of profit and loss

Non-monetary items are not retranslated at the end of the year and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value that are translated using the exchange rates at the date on which the fair value was determined.

4-20 Earnings / (loss) per share

Basic earnings / (losses) per share

Basic earnings per share is calculated by dividing:

Profit / (loss) attributable to shareholders of the Group, net of any equity service costs other than common stock; And

On the weighted average number of ordinary shares outstanding during the financial period.

Diluted share of profits / (losses)

The numbers used in determining the basic earnings / (losses) per share are adjusted in order to arrive at the diluted share of the earnings, taking into account:

The effect of interest after income tax and other financing costs associated with a reduction in potential ordinary shares

The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all ordinary shares with the effect of the potential reduction.

4.21 Segment Reports

Operating segment

The operating segment is a component of the group that carries out activities from which it may generate revenues and incur expenses, including revenues and expenses related to transactions with any of the other segment s of the group. All segment s' results are evaluated periodically by the operational decision-maker for decision-making so that decisions are taken and the performance of the resources allocated to each segment is assessed and the financial information available separately. Segment results that are reported to the operating decision-maker include items that refer directly to the segment in addition to those that can be allocated on an appropriate basis. Head office expenses, research and development costs, related assets / liabilities, and zakat assets and liabilities. The group has two operating segment s in the Kingdom of Saudi Arabia (the industrial segment - the commercial segment). Each segment has reached the quantitative limits referred to in the segment al reporting standard in the International Financial Reporting Standard No. (8). Accordingly, reports on the operating segments were disclosed in the accompanying consolidated financial statements.

Geographical segment

A geographical segment is a group of assets, operations, or establishments that engage in profitable activities in a particular economic environment that are subject to risks and returns that are different from those operating in other economic environments.

4- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4-22 Cash Dividends and Cash non-dividends to shareholders

Dividends in cash or other than cash to shareholders are recognized as liabilities upon approval of the distribution. According to the Companies Law in the Kingdom of Saudi Arabia, dividends are approved upon approval by the shareholders. The amount distributed is deducted directly from equity and recognized as a liability.

5- SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The following information about significant areas of estimates, uncertainties, and significant judgments when applying accounting policies that have a material impact on the amounts included in the consolidated financial statements:

5-1 Useful lives of property, plant and equipment

The Group conducts a periodic review of the estimated useful lives and depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

5-2 Estimation of defined benefit obligations

The cost of the defined benefit obligation and the present value of the obligation are determined using actuarial valuations. In addition, a defined liability requires assumptions that must be made for future results which mainly include an increase in salaries and benefits, and the discount rate used to convert future cash flows to present value. Any changes in these assumptions will affect the carrying amount of the liability. All assumptions are reviewed at the end of each financial year.

5-3 Zakat provision

When estimating the current Zakat due by the group, the management takes into consideration the applicable laws and GAZT decisions / provisions regarding some of the previous issues.

5-4 Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each cash-generating asset or unit on the basis of expected future cash flows and uses the interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of an appropriate discount rate.

5-6 Impairment provision for trade receivables

The Group applies the simplified method, which requires lifetime expected credit losses to be recognized since the initial measurement of receivables. The assessment of ECL requires several estimates related to customer ratings, discount rates, and general evaluation of economic conditions in the market. Management uses its best estimates and historical customer trends to assess the accounts receivable allowance under the ECL method.

5-7 Provision for slow moving and damaged inventory

The management makes a provision for slow moving, obsolete, and damaged inventory items. Estimates of net realizable value are based on the most reliable evidence at the time the estimates are made. These estimates take into account fluctuations in prices or costs directly related to events that occur at a later date on the date of the consolidated statement of financial position to the extent that these events confirm the conditions in place at the end of the year.

(Saudi Riyals)

6. PROPERTY, PLANT AND EQUIPMENT, NET

	For the year ended 31 December 2023						
	LANDS*	**BUILDINGS**	**TOOLS AND EQUIPMENT**	**Vehicles**	**FURNITURE AND FIXTURES**	**SECURITY SYSTEMS**	**TOTAL**
Cost							
In the beginning of the year	20,408,620	14,122,338	37,005,247	7,461,202	2,994,587	21,730	82,697,996
Additions	-	-	2,827	-	43,465	-	46,292
Disposals	-	-	-	(589,983)		-	(589,983)
At the end of the year	20,408,620	14,122,338	37,008,074	6,871,219	**3,038,052**	**21,730**	82,154,305
Accumulated depreciation							
In the beginning of the year		10,428,510	26,294,430	7,095,953	2,513,048	17,566	46,691,643
Depreciation for the year		513,673	1,965,086	104,778	204,266	966	2,788,769
Disposals		-	-	(432,098)	-	-	(432,098)
At the end of the year		10,942,183	28,259,516	6,768,633	2,717,314	18,532	49,480,412
Net book value	**20,408,620**	3,180,155	8,748,558	102,586	320,738	3,198	32,763,855

*During the year ending December 31, 2023 AD, the entire value of the land amounting to 20,408,620 Saudi riyals was mortgaged as collateral in exchange for obtaining credit facilities from a local bank as of December 31, 2023 AD, as shown in Note No. (17)

The depreciation expense was distributed as follows:	**2023**
Cost of Revenue (Note 21)	2,490,943
Selling and marketing expenses (Note 22)	130,977
General and administrative expenses (note 23)	166,849
	2,788,769

(Saudi Riyals)

6. PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

	For the year ended 31 December 2022						
	LANDS*	BUILDINGS	TOOLS AND EQUIPMENT	Vehicles	FURNITURE AND FIX-TURES	SECURITY SYS-TEMS	TOTAL
Cost							
In the beginning of the year	20,408,620	14,122,338	36,844,724	7,635,338	2,816,263	21,730	81,849,013
Additions	-	-	160,523	168,000	178,324	-	506,847
Disposals	-	-	-	(342,136)	-	-	(342,136)
At the end of the year	**20,408,620**	**14,122,338**	**37,005,247**	**7,461,202**	**2,994,587**	**21,730**	**82,013,724**
Accumulated depreciation							
In the beginning of the year	-	9,908,676	24,331,300	7,328,502	2,288,442	16,599	43,873,519
Depreciation for the year	-	519,834	1,963,130	109,587	224,606	967	2,818,124
Disposals	-	-	-	(342,136)	-	-	(342,136)
At the end of the year	-	**10,428,510**	**26,294,430**	**7,095,953**	**2,513,048**	**17,566**	**46,349,507**
Net book value	**20,408,620**	**3,693,828**	**10,710,817**	**365,249**	**481,539**	**4,164**	**35,664,217**

* As on December 31, 2022, the land value of 20,408,620 Saudi riyals is mortgaged as a guarantee in exchange for obtaining credit facilities from a local bank as shown in Note (17)

The depreciation expense was distributed as follows:

	2022
Cost of Revenue (Note 21)	**2,493,099**
Selling and marketing expenses (Note 22)	**127,790**
General and administrative expenses (note 23)	**197,235**
	2,818,124

(Saudi Riyals)

7. RIGHT-OF-USE ASSETS and Lease Liabilities , NET

7-1 Right of Use Assets

Right-of-use assets related to leased real estate are presented separately in the consolidated balance sheet.

	31 December 2023	31 December 2022
Cost		
Balance at the 1 January	**3,011,125**	3,011,125
Additions	**10,084,608**	-
Balance at 31 December	**13,095,733**	3,011,125
Accumulated amortization		
Balance at the beginning of the year	1,812,083	1,394,401
Charges during the year (Note 21-22-23)	**1,700,871**	417,682
Balance at the end of the year	**3,512,954**	1,812,083
The net book value as on 31 December 2022	**9,582,779**	
The net book value as on 31 December 2022		1,199,042

7-2 Lease liabilities

	31 December 2023	31 December 2022
Balance at the beginning of the year	**1,371,886**	2,059,829
Additions	**10,084,608**	
Settlements	**(244,700)**	-
Interest during the year (Note 24)	**521,203**	32,057
Repayment during the year	**(1,139,942)**	(720,000)
	10,593,055	1,371,886

Lease liabilities included in the consolidated balance sheet are as follows:

	31 December 2023	31 December 2022
Non-Current	**8,027,821**	1,026,886
Current	**2,565,234**	345,000
Lease liabilities under the right to use assets	**10,593,055**	1,371,886

The following are the maturity ages of the liabilities under the lease contracts:

	31 December 2023	31 December 2022
Within one year	**2,565,234**	345,000
From one to five years	**6,039,785**	1,026,886
More than five years	**1,988,036**	
	10,593,055	1,371,886

7-3 Amounts recognized in the consolidated statement of profit or loss

	For the year ended in 31 December 2023	For the year ended in 31 December 2022
Interest on lease liabilities (Note 24)	**521,203**	**32,057**
Expenses related to short-term leases	**1,457,828**	**2,205,718**

(Saudi Riyals)

8. INVENTORY , NET

	31 December 2023	31 December 2022
Finished goods	**70,296,039**	51,876,954
spare parts	**32,611,362**	34,720,669
raw materials	**11,217,920**	13,189,190
In-progress production	**3,548,933**	6,126,049
Total	**117,674,254**	105,912,862
Less: Provision for inventory impairment	**(2,759,987)**	(1,834,111)
	114,914,267	104,078,751

The movement in the provision for inventory impairment is as follows:

	31 December 2022	31 December 2022
Balance at the beginning of the year	**1,834,111**	1,688,834
Component during the year (Note 21)	**1,178,887**	145,277
Used during the year	**(253,011)**	-
Balance at the end of the year	**2,759,987**	1,834,111

9. ACCOUNT RECEIVABLES, NET

	31 December 2023	31 December 2022
Account receivables	**44,241,381**	46,037,226
Deducted from it:		
Provision for ECL of trade receivables	**(9,648,272)**	(8,942,957)
Discounts Due for receivables	**(462,274)**	(769,973)
	34,130,835	36,324,296

The movement in the provision for impairment of trade receivables is as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**8,942,957**	8,942,957
Component during the year (Note 23)	**1,011,617**	-
Written off during the year	**(306,302)**	-
Balance at the end of the year	**9,648,272**	8,942,957

10. PREPAYMENTS AND OTHER DEBIT BALANCES, NET

	31 December 2023	**31 December 2022**
Advance payment suppliers	**3,928,030**	3,534,403
Securing documentary credits	**2,420,445**	4,215,339
Advanced and Employee borrowings	**606,817**	1,124,838
Expenses paid in advance	**80,482**	1,328,777
Others debit balance	**903,013**	760,160
	7,938,787	10,963,517
Deducted from it:Provision for impairment	**(809,163)**	(816,594)
	7,129,624	10,146,923

The movement in provisions for other current assets is as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**816,594**	**816,594**
Written off during the year	**(7,431)**	-
Balance at the end of the year	**809,163**	**816,594**

(Saudi Riyals)

11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Parties are considered related parties if one of the parties has the ability to control the other party or to exercise significant influence over the other party in making financial and operational decisions. Related parties consist of shareholders, board members and businesses in which shareholders and members of the board of directors, individually or collectively, have significant influence. The Group's transactions with related parties are conducted on a purely commercial basis in the normal course of business and are approved by the management.

11-1 Due to a related party:

Name of the organization	31 December 2023	31 December 2022
Abaad Real Estate Investment Company	**1,687,469**	1,519,025
	1,687,469	1,519,025

11-3 The most significant transactions that took place with related parties during the year are as follows:

Organization	nature of relationship	The nature of the transaction	The volume of transactions 31 December 2023 (receivable / (payable)	31 December 2022 (receivables / (payable)
Abaad Real Estate Investment Company	Sister company	Acting expenses	**34,206**	111,784
		finance	**382,000**	(1,250,000)
		Rentals	**(1,179,800)**	(1,090,050)
Abdul Rahman Muhammad Nasser bin Imran	Shareholder and board member	finance	**(800,000)**	-
Nasser Muhammad Nasser bin Imran	Shareholder and Vice Chairman of the Board of Directors	Buying assets	**166,783**	-
Imran Muhammad Al-Omran	Deputy Managing Director	Buying assets	**115,900**	-

11-4 Benefits, remuneration and compensation for members of the Board of Directors and senior executives

	For the year ended in 31 December 2023		For the year ended in 31 December 2022	
	BOD members	**Key management members**	BOD members	Key management members
Committee members' fees	**47,000**	8,000	**71,000**	14,000
Salaries and wages	-	1,844,850	-	1,110,720
Allowances	-	564,095	-	364,800
Bonuses	**110,000**	300,000	**110,000**	242,221
End of service	-	137,000	-	115,700
	157,000	2,853,945	**181,000**	1,847,441

12. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash in banks	**42,764,000**	2,410,334
Cash at hand	**153,966**	346,253
Checks under collection	**28,859**	-
Total	**42,946,825**	2,756,587

12-1 non-monetary transaction

	31 December 2023	31 December 2022
Re-measuring employees' end of service benefits (Note 16)	**842,218**	1,588,346
Transfer from statutory reserve to retained earnings	-	579,153
Additions to right-of-use assets and lease liabilities	**10,084,608**	-

(Saudi Riyals)

13. SHARE CAPITAL

The Group's subscribed and paid-up capital amounts to 60 million Saudi riyals as of December 31, 2022, divided into 6 million shares, each share valued at 10 Saudi riyals.
On November 8, 2023, the Extraordinary General Assembly approved an increase in the group's capital by an amount of 60 million Saudi riyals, and the amount was paid in full, so that the new capital became 120 million Saudi riyals, divided into 12 million shares, each share valued at 10 Saudi riyals.

14. STATUTORY RESERVE

In accordance with the Articles of Association and the Companies Law in the Kingdom of Saudi Arabia, the group is required to transfer 10% of net income annually to statutory reserve until this reserve reaches 30% of its capital. This reserve is not available for distribution to shareholders.

15. AGREEMENT RESERVE

This reserve was formed based on the decision of the group's board of directors with the aim of developing the group's business. This reserve is subject to increase, decrease or distribution by a decision of the group's board of directors.

16. EMPLOYEES' END OF SERVICE BENEFITS

The system provides for post-service benefits for all employees who complete a qualifying period of service and are entitled to receive amounts mentioned under the Saudi Labor and Workers Law for each year / period of this service. The annual provision is based on the actuarial valuation. The valuation was performed as of December 31, 2022, and December 31, 2022, using the projected unit credit method.
The actuarial assumptions that have been relied upon in the calculation of employee end of service benefits are as follows:

16-1 Principal Actuarial Assumptions

	31 December 2023	31 December 2022
Discount rate	%4,5	%4,5
Salary increases rate (٪ per annum)	%2,47	%3,38
Employee turnover (٪ per annum)	%8,90	%9,5

16-2 The movement in the present value of defined benefit obligations

	31 December 2023	31 December 2022
Present value at the beginning of the year	7,741,138	6,942,426
Current service cost	3,522,500	685,710
Interest cost	348,351	123,178
	3,870,851	808,888
Paid during the year	(523,801)	(1,598,522)
Remeasuring the provision according to actuarial calculations	(823,776)	1,588,346
	10,264,412	7,741,138

16-3 The sensitivity of the defined benefit obligation to changes in the weighted average for key assumptions is:

Factor	Change in assumption	31 December 2023	31 December 2022
Discount rate	%1+	10,732,733	7,308,185
	%1-	12,092,289	8,230,231
Long-term salary	%1+	12,191,196	8,226,707
	%1-	10,633,707	7,303,010
Employee turnover rate	%10+	10,264,415	7,705,784
	%10-	10,264,415	7,779,376

The sensitivity analyzes above are based on the change in one assumption while all other assumptions remain constant. In practice, this is not likely to happen as some changes in some assumptions may be related to each other. When calculating the sensitivity of employees' end of service benefits to a material actuarial assumption, the same method is applied (the present value of the employees 'defined benefit obligation calculated on the basis of the unit cost method of credit estimated at the end of the reporting period) when computing the end of service compensation for employees recognized in the consolidated statement of financial position.

(Saudi Riyals)

17. BORROWINGS

This item represents the value used from bank facilities to import goods under documentary credits issued by local banks. These borrowings are often of a renewable nature and loan fees are determined based on market prices. These borrowings are guaranteed for the benefit of the banks through the land owned by the company under the instrument number 910106038304 and bonds. For an order worth 39 million Saudi riyals (note 6).

The following is a statement of the movement of borrowings granted by local banks:

	31 December 2023	31 December 2022
Riyad Bank Loans (A)	**41,990,333**	34,200,236
Alinma Bank Loans (B)	**-**	1,528,417
Loans from the Saudi Investment Bank (C)	**5,899**	8,625,605
Balance on December 31	**41,996,232**	44,354,258

The movement of loans during the year ending December 31 was as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**44,354,258**	45,707,275
Proceed during the year	**203,616,229**	122,346,647
Paid during the year	**(205,974,255)**	(123,699,664)
Total borrowings from local banks at the end of the year	**41,996,232**	44,354,258

	31 December 2023	31 December 2022
Current portion of the loan	**41,996,232**	43,436,688
Non-current portion of the borrowings	**-**	917,570
	41,996,232	44,354,258

17-1 Borrowings Terms

Some of these loans contain bank covenants. In the event of non-compliance with these covenants, the loans are repaid upon the lender's request. The covenants are monitored on a monthly basis by management. If there is a possibility of non-compliance with covenants, measures are taken by management to ensure compliance. The group has committed to According to the terms of the loan agreements as of December 31, 2023.

The Group's exposure to interest rate risk, foreign currency risk and liquidity risk is disclosed in Note No. (27).

A - Al-Omran Company for Industry and Trade has a credit facilities agreement signed with Riyad Bank, and the land owned by the company was mortgaged under Instrument No. 910106038304 as security in exchange for obtaining the credit facilities.

B - Al-Omran Company for Industry and Trade has a credit facility agreement signed with Alinma Bank in exchange for a promissory note worth 15 million Saudi riyals.

C - Al-Omran Company for Industry and Trade has a credit facility agreement signed with the Saudi Investment Bank in exchange for a promissory note worth 15 million Saudi riyals.

(Saudi Riyals)

18. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31 December 2023	31 December 2022
Advance payments customer	**2,325,077**	2,760,282
Remuneration and allowances for members of the Board of Directors and the Audit Committee are payable	**665,250**	522,316
Sales commissions payable	**586,250**	972,474
Compensation for owners of rights shares	**556,535**	-
Accrued VAT	**255,653**	543,560
Performance commitment guarantees	**547,389**	471,624
Accrued financing charges	**418,336**	1,262,093
Accrued social insurance	**158,007**	99,597
Accrued Professional fees	**44,500**	158,500
Accrued Salaries	**6,888**	960,124
Others	**250,222**	741,721
	5,814,107	8,492,291

19. ZAKAT PROVISION

A- The Zakat position

The group submitted its zakat declarations to the General Authority for Zakat and Income ("the Authority") until the year ended on December 31, 2022 and obtained a certificate from the General Authority for Zakat and Income in effect until Ramadan 19 1443H corresponding to April 30, 2022, on July 20, 2020 initial zakat assessment was made on the company Al-Omran Industrial Trading Company "the parent company" by the General Authority for Zakat and Income for the years from 2014 to 2018 amounting to 2.75 million Saudi riyals. On September 20, 2020, the group filed an objection with the General Authority for Zakat and Income and is still under examination and study by the Authority. On October 31, 2022, a preliminary link was made to Al-Omran Company for Industry and Trade, the "parent company" by the General Authority of Zakat and Income for the years 2019 to 2020 at an amount of 1,933,471 Saudi riyals.

B- The Zakat base

	31 December 2023	31 December 2022
Zakat on the holding company		
Net income for the year before zakat	(11.758.754)	8,616,370
Charged allocations	6.460.507	1,735,726
Adjusted net profit (A)	(5.298.247)	10,352,096
Added to it:		
Capital	60.000.000	60,000,000
Statutory reserve	11,494,460	10,915,306
Agreement reserve	695,834	695,834
Actuarial reserve	-	(1,368,865)
Retained earnings	43.229.392	45,389,602
Accumulated allocations	20.663.691	20,149,697
Other additions	24.691.487	7,290,602
	160.774.864	153,424,272
Deducted from:		
Property, plant and equipment, net	31.102.809	(35,664,220)
Other deductions	42.194.141	(2,567,907)
Total	73.296.950	(38,232,127)
Zakat base (b)	84.897.907	104,840,049
Zakat is due on the share of shareholders in the holding company	2,122,633	2,865,281
Zakat for the subsidiary company	35,723	2,554
Total Zakat	2,158,356	2,867,835

C- Movement of zakat provision

	31 December 2023	31 December 2022
Balance at the beginning of the year	**4,199,159**	2,766,661
Charge for the year	**2,158,356**	2,884,282
Paid during the year	**(2,715,669)**	(1,451,784)
Balance at the end of the year	**3,641,846**	4,199,159

(Saudi Riyals)

20. Revenues

	2023	2022
Revenues from industrial activity	**47,993,473**	62,879,532
Revenue from business activity	**82,445,021**	64,053,579
Total revenue	**130,438,494**	126,933,111

The company derives its revenues from contracts concluded with customers to sell goods and services at a certain point in time once the group meets the conditions for performing the obligation, such as that the contracted products or services are transferred to the customer and the customer obtains control.

21. Cost of Revenue

	2023	2022
Cost of finished goods, raw materials and consumables, net	**96,092,320**	79,289,202
Salaries, wages and equivalents	**7,805,442**	7,285,937
Depreciation of property, plant and equipment (Note 6)	**2,490,943**	2,493,099
Provision for inventory stagnant and slow-moving (Note 8)	**1,178,887**	145,277
Amortization of right-of-use assets (Note 7)	**228,429**	-
Electricity and water	**547,575**	620,568
Maintenance and repair	**437,989**	451,219
Governmental fees	**421,447**	372,402
Others	**1,700,656**	1,590,778
Cost of sales	**110,903,688**	92,248,482

22. SELLING AND MARKETING EXPENSES

	2023	2022
Salaries, wages and equivalents	**6,560,545**	5,119,790
Transportation expenses	**1,491,834**	1,395,717
Amortization of right-of-use assets (Note 7)	**1,343,167**	417,682
Maintenance and repair	**697,508**	1,494,380
Expense of Performance guarantee obligations	**578,179**	471,624
Commission sales	**525,046**	926,812
Discounts payable to customers	**386,317**	1,947,981
Governmental fees	**329,563**	299,180
Travel and transportation	**278,327**	235,453
Subsistence expenses	**264,560**	286,108
Fuels	**238,038**	208,744
Depreciation of property, plant and equipment (Note 6)	**130,977**	127,790
Advertising	**199,657**	56,068
Electricity and water	**155,423**	132,229
Telephone and mail	**127,726**	140,625
Banking expenses	**95,123**	63,840
Hospitality and cleanliness	**55,787**	41,487
Stationery and prints	**21,541**	52,756
Consulting fees	-	6,325
Others	**953,179**	1,674,497
	14,432,497	15,099,088
	6,560,545	5,119,790

(Saudi Riyals)

23. GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
Salaries and Wages	**7,721,777**	5,426,043
Expense For Provision trade receivables (Note 9)	**1,011,617**	-
Consulting fees	**566,832**	511,812
Banking expenses	**374,155**	363,516
Travel and transportation	**353,012**	103,064
Depreciation of property, plant and equipment (Note 6)	**166,849**	197,235
Governmental fees	**160,099**	90,310
Amortization of right-of-use assets (note 7)	**129,275**	-
Telephone and mail	**102,075**	102,004
Maintenance and repair	**65,553**	45,591
Hospitality and cleanliness	**35,730**	19,142
Electricity and water	**33,355**	38,492
Stationery and prints	**21,066**	7,337
Fuels	**4,797**	3,184
Others	**176,720**	463,221
	10,678,212	7,370,951

24. FINANCE COST

	2023	2022
Lease obligations benefits (Note 7)	**521,203**	32,057
Loan financing costs	**5,704,726**	3,229,942
Interest cost of employee benefit obligations (Note 16-2)	**348,351**	123,178
	6,574,280	3,385,177

25. LOSS / GAIN PER SHARE

The Basic and diluted net income per share is calculated by dividing the profit for the year attributable to the company's shareholders and net income by the weighted average number of common shares outstanding at the end of the year. The weighted average number of shares outstanding as of December 31, 2023 was 6,854,795 million shares (6 million shares: December 31 2022).

	2023	2022
Profit attributable to the shareholders of the parent company	(13,906,393)	5,791,528
Weighted average number of shares outstanding	6,854,795	6,000,000
Basic and diluted earnings per share	**(2,03)**	0,97

There was no downgrade item affecting the weighted average number of common shares IN 2023 and 2022

26. SEGMENT INFORMATION

Segment information relates to the group's activities and business, which the group's management has relied on as a basis for preparing its financial information, for its compatibility with internal reporting methods. Transactions between segment s are carried out on the same terms as dealing with other parties.

Segment s' assets, liabilities and operating activities include items directly related to a specific segment and items that can be distributed among the different segments on reasonable basis.

The following is a summary of the financial segment information in Saudi riyals as on December 31, 2023, and December 31, 2022, respectively, according to the nature of the activity:

	31 December 2023		
	Industrial segment	**Commercial segment**	**Total**
Revenue	47,993,473	82,445,021	130,438,494
Cost of sales	38,433,812	72,469,876	110,903,688
Gross profit	**9,559,661**	**9,975,145**	**19,534,806**
Selling and marketing expenses	7,931,899	6,500,598	14,432,497
General and administrative expenses	3,907,969	6,770,243	10,678,212
Profit from operating	**(2,280,207)**	**(3,295,696)**	**(5,575,903)**
Finance costs	1,831,259	4,743,021	6,574,280
Provision expense for contingent Liabilities	-	-	-
Other income	-	157,717	157,717
profit before zakat	**(4,111,466)**	**(7,881,000)**	**(11,992,466)**
Zakat	**(739,965)**	**(1,418,391)**	(2,158,356)
profit for the year	**(4,851,431)**	**(9,299,391)**	**(14,150,822)**

	31 December 2022		
	Industrial segment	**Commercial segment**	**Total**
Revenue	62,879,532	64,053,579	126,933,111
Cost of sales	**42,222,955**	50,025,527	92,248,482
Gross profit	**20,656,577**	**14,028,052**	**34,684,629**
Selling and marketing expenses	**9,010,486**	6,088,602	15,099,088
General and administrative expenses	**4,716,482**	2,654,469	7,370,951
Profit from operating	**6,929,609**	**5,284,981**	**12,214,590**
Finance costs	1,407,240	1,977,937	3,385,177
Provision expense for contingent Liabilities	218,613	81,387	300,000
Other income	43,478	43,477	86,955
profit before zakat	**5,347,234**	**3,269,134**	**8,616,368**
Zakat	1,428,802	1,455,480	2,884,282
profit for the year	**3,918,432**	**1,813,654**	**5,732,086**

External sales did not meet any of the quantitative limits referred to in the International Financial Reporting Standard No. (8) "Operating Segment s", and accordingly, the geographical segment information was not disclosed.

27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's principal financial liabilities include borrowings and trade payables, accrued expenses, other current liabilities, due to a related party and lease obligations. The Group's principal financial assets consist of cash and cash equivalents, account receivables, due from a related party, and other current assets. The main financial risks arising from the Group's financial instruments are market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk. Management reviews and conforms to policies to manage these risks.

27-1 Market risk

It is the risk of fluctuation in a financial instrument due to changes in prices prevailing in the market, such as foreign exchange rates and interest rates, which affects the group's income or the value of its financial instruments. Market risk management aims to manage and control exposure to market risk within acceptable limits while maximizing returns. There has been no change in the Group's exposure to market risks or the manner in which these risks are managed and how they are measured.

27-1-1 Interest rate risk

Interest rate risk is the exposure to various risks associated with the impact of fluctuations in the prevailing interest rates on the group's financial position and cash flows. The Group is exposed to interest rate risk on its interest-bearing assets and liabilities, which mainly represent bank facilities and borrowings. Management limits interest rate risk by monitoring interest rate changes. Management monitors the changes in interest rates and believes that the cash flow risk and the interest rate risk on the fair value of the Group are not material.

The receivables and payables of the Group carried at amortized cost are not subject to interest rate risk as defined in IFRS 7, where the carrying value or future cash flows do not change due to the change in interest rates in the market. Consequently, the Group is not exposed to fair value interest rate risk.

(Saudi Riyals)

27-1-2 Foreign currency risk

Foreign currency risk is the risk of fluctuation in the value of financial instruments due to changes in foreign exchange rates. Foreign currency risk arises when future commercial transactions, assets and liabilities are recognized in a currency other than the Saudi riyal. The company's exposure to foreign currency risk is limited mainly to euro and US dollar transactions, the company's management believes that its exposure to foreign currency risk is limited as the Saudi riyal is pegged to the US dollar. Fluctuations in the euro exchange rates are monitored on an ongoing basis.
The management monitors fluctuations in foreign exchange rates and believes that the company is not substantially exposed to changes in exchange rates, and given that the company's transactions in euros are very few, the management believes that it is not effective.

27-2 Credit risk

It is the risk that one party will not be able to fulfill its obligations, causing financial losses to the other party. The Group does not have significant concentration of credit risk. Cash and cash equivalents are deposited with local banks with high credit ratings. Account and other receivables are mainly due from customers in the local market and are shown at their estimated collectible value. The Group has policies in place to reduce its exposure to credit risk. The carrying values of financial assets represent the maximum credit risk:

ACCOUNTS RECEIVABLE

	Book Value	Current	30-60 days	61-90 days	91-180 days	181-270 days	More than 271	Provision
2023	44,241,381	7,959,293	6,951,012	7,857,441	9,849,541	838,117	10,785,977	(9,648,272)
2022	46,037,226	8,244,457	9,962,948	4,884,008	9,882,541	1,763,906	11,299,366	(8,942,957)

27-3 Liquidity risk

This is the risk that the Group will encounter difficulty in obtaining the necessary financing to meet obligations associated with financial instruments. Liquidity risk may arise when the inability to sell a financial asset quickly at a value close to its fair value. Liquidity risk is managed through regular monitoring of the adequacy of liquidity available to meet the group's financial obligations. The group's approach to managing liquidity is to ensure that it has sufficient liquidity to meet its liabilities when due, under normal and accepted conditions, without incurring unacceptable losses or risking damage to the group's reputation.
The following table summarizes the company's financial liabilities in the related maturity groups based on the remaining period at the date of the consolidated statement of financial position and up to the contractual maturity date. The amounts shown in the table are the contractual undiscounted cash flows.

31 December 2023	Book Value	Less than 1 year	1-5 Years	More than 5 years
Borrowings	41,996,232	41,996,232	-	-
Trade payables	6,423,454	6,423,454	-	-
Due to a related party	2,646,469	1,687,469	-	-
Lease liabilities	12,297,808	2,565,234	7,310,437	2,422,137
Accruals and other credit balances	5,814,107	5,814,107		
Zakat provision	3,641,846	3,641,846		
	71,860,916	62,128,342	7,310,437	2,422,137

31 December 2022	Book Value	Less than 1 year	1-5 Years	More than 5 years
Borrowings	44,354,258	43,436,688	917,570	-
Trade payables	5,244,818	5,126,695	118,123	-
Due to a related party	1,519,025	1,519,025		-
Lease liabilities	1,371,886	345,000	1,026,886	-
Accruals and other credit balances	8,492,291	8,492,291		
Zakat provision	4,199,159			
	65,181,437	58,919,699	2,062,579	-

(Saudi Riyals)

27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

27-4 Fair value

The fair value is the amount for which an asset could be exchanged, or a liability settled in a transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

• Through the primary market for the asset or liability, or

• Through the market that is most beneficial to the asset or liability in the absence of the main market.

The primary or most beneficial market must be available for the group to access.

The fair value of an asset or liability is measured using assumptions used by market parties when pricing the asset or liability on the assumption that market participants are working in the best economic interests of them.

The fair value measurement of a non-financial asset takes into account the ability of market parties to provide economic benefits by using the asset to achieve the best benefit from it or by selling it to another market party to use it in a manner that achieves the best benefit from it.

The Group uses valuation techniques that are appropriate to the circumstances and conditions and has sufficient data to measure the fair value, maximizing the use of relevant observable data, and minimizing the use of unobservable data to the greatest extent.

All assets and liabilities for which fair values are measured or whose fair values are disclosed in the consolidated financial statements are categorized within the scope of the fair value hierarchy described below based on the lowest level data that is significant to the fair value measurement as a whole:

• The first level: prices traded in active markets for the same assets or liabilities.

• The second level: other valuation techniques in which the minimum significant inputs are observable, directly or indirectly, to the fair value measurement.

• Level 3: other valuation techniques in which the minimum significant inputs that are relevant to the fair value measurement are unobservable.

With regard to assets and liabilities included in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the above hierarchy by re-evaluating classification (based on the lowest level inputs that are significant to the fair value measurement as a whole) at the end of each period of preparation Consolidated Financial Statements.

The carrying value of financial assets that cannot be measured at fair value is the approximate value of their fair value. All financial liabilities are measured on an amortized cost basis, which reasonably approximates their fair value.

Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. Capital is the property rights of the company's shareholders. The primary objective of the company's capital management is to support its business and maximize shareholder value.

It is the policy of the Board of Directors to maintain a strong capital base that works to maintain investor, creditor and market confidence and sustain the future development of the business. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Board of Directors monitors the return on capital, and the Board of Directors also monitors the level of dividends to shareholders.

In order to maintain the capital structure and provide returns to shareholders, the group provides returns to shareholders through dividend distributions as shown in the consolidated statement of changes in equity for the year ending on 31 December 2022

28. RECLASSIFICATION IN COMPARATIVES

	31-December 2022 (before reclassification)	Reclassified balances	December 2022 31 (after reclassification)
Current portion of loans	44,698,781	(1,262,093)	43,436,688
Accruals and other credit balances	7,230,198	1,262,093	8,492,291
Cost of revenue	92,103,205	145,277	92,248,482
Selling and marketing expenses	15,160,677	(61,589)	15,099,088
General and administrative expenses	7,577,817	(206,866)	7,370,951
Financing costs	3,261,999	123,178	3,385,177

29. SIGNIFICANT EVENTS

The company's management believes that there are no events subsequent to the date of the financial statements that require an amendment or disclosure of the financial statements.

30. APPROVAL OF THE FINANCIAL STATEMENTS

The Consolidated Financial Statements for the year ended 31 December 2022 were approved by the Board on 18 Ramadan 1445H corresponding to 28 March 2023.