SAUDI INDUSTRIAL EXPORT COMPANY

(A SAUDI JOINT STOCK COMPANY)

RIYADH – SAUDI ARABIA

INDEPENDENT AUDITOR'S REPORT AND THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

SAUDI INDUSTRIAL EXPORT COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY) – RIYADH
INDEPENDENT AUDITOR'S REPORT
AND THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDE DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
SAUDI INDUSTRIAL EXPORT COMPANY
(A SAUDI JOINT STOCK COMPANY)
RIYADH - SAUDI ARABIA

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Saudi Industrial Export Company ("the Company") and it's subsidiary (together "The Group"), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statement of profit or losse and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes from (1) to (30) to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023, and its consilidated financial performance and its consilidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) adopted in 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 Company in accordance with the International Code of Conduct and Ethics for Professional Accountants (including International Independence Standards), as endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have also fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidences we have obtained are 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. For each key audit matter. A description of how our audit addressed the matter is set out below:

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
SAUDI INDUSTRIAL EXPORT COMPANY
(A SAUDI JOINT STOCK COMPANY)
RIYADH - SAUDI ARABIA

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Revenue recognition	How the matter was addressed in our audit
With reference to the accounting policy related to revenue recognition, the group's revenues for the year ending on December 31, 2023 amounted to SR. 13,233,505 (2022: SR. 266,530). Revenues are considered one of the fundamental indicators for measuring performance, and this results in the presence of inherent risks in the process of recognizing revenues at more than its actual value or before the group fulfills the performance obligation, as well as evaluating the group's relationship with its contracts with customers as a principal or agent appropriately. Revenue is recognized when services are provided to customers.	Our audit procedures included the following: - Testing a sample of recorded revenue transactions and comparing them with supporting documents to verify the existence of recorded revenues. - Conducting an analytical study of revenues to judge the reasonableness of the revenue amount included in the accompanying consolidated financial statements. - We inquired from management representatives about their knowledge of the risks of fraud and whether there are actual cases of fraud. - The appropriateness of the disclosures used in the consolidated financial statements.

Expected credit losses	How the matter was addressed in our audit
Net trade receivables as of December 31, 2023 amounted to SR. 6,513,964 (2022: SR. 2,101,134). Management estimates the provision for losses on trade receivables equal to expected credit losses. When estimating expected credit loss over a lifetime. Management shall consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and thoughtful credit evaluation, including the future outlook for that information. The impairment of trade receivables is considered one of the main audit matter due to the importance of management's judgments in determining the impairment of trade receivables. The existence of trade receivables and their book value is considered fundamental to the company's performance and its assets.	Our audit procedures included the following: - The appropriateness of considerations for the impairment of trade receivables in accordance with the company's policies and the assessment of compliance with applicable accounting standards. - Taking into account management assumptions used in determining impairment losses. - Identify trade receivables exposed to credit risk and verify whether they have been correctly included in management's assessment of impairment. - Recalculating the impairment of trade receivables based on the company's policies to ensure that the impairment is appropriate at the date of the consolidated statement of financial position. - The appropriateness of the disclosures used in the consolidated financial statements.

Other matter

The company's financial statements for the year ended December 31, 2022 were audited by another auditor, who expressed an unmodified opinion in those financial statements on Sha'ban 03, 1444H (corresponding to February 23, 2023).

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
SAUDI INDUSTRIAL EXPORT COMPANY
(A SAUDI JOINT STOCK COMPANY)
RIYADH - SAUDI ARABIA

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Other information

Other information consists of other information from the information included in the Company's annual report for the year ended 31 December 2023, other than the consolidated financial statements and the auditors' report thereon. Management is responsible for the other information included in the annual report. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information and discover a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, The applicable requirements of the regulations for company's by laws 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 scepticism 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.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
SAUDI INDUSTRIAL EXPORT COMPANY
(A SAUDI JOINT STOCK COMPANY)
RIYADH - SAUDI ARABIA

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

- 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.
- 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 and 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 the only body 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 period 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.

FOR EL SAYED EL AYOUTY & CO.

A. Balamash

Riyadh: Sha'ban 29, 1445H
March 10, 2024

السيد العيوطي وشركاه
محاسبون ومراجعون قانونيون
س.م رقم ٤٠٣٠٢٩١٢٤٥
CERTIFIED PUBLIC ACCOUNTANTS
P.R.4030291245
EL SAYED EL AYOUTY & CO.

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

SAUDI INDUSTRIAL EXPORT COMPANY

(A SAUDI JOINT STOCK COMPANY)

CONSOLDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2023

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	31-12-2023	31-12-2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment - Net	(6)	**344,397**	571,642
Intangible assets - Net	(7)	**13,866**	20,522
Total non-current assets		**358,263**	592,164
Current assets			
Investments carried at FVTPL	(8)	**62,611,204**	58,833,555
Trade receivables – Net	(9)	**6,513,964**	2,101,134
Prepayments and other debit balances – Net	(10)	**6,101,068**	14,600,006
Due from related parties	(11.1)	**999,534**	2,144,246
Cash and cash equivalents	(12)	**77,094,917**	90,421,143
Total current assets		**153,320,687**	168,100,084
Total Assets		**153,678,950**	168,692,248
EQUITY AND LIABILITIES			
EQUITY			
Share capital	(13)	**194,400,000**	194,400,000
Statutory reserve	(15)	**642,645**	642,645
Accumulated (losses)		**(51,099,153)**	(35,494,678)
Actuarial reserve	(16)	**502,297**	473,761
Total equity		**144,445,789**	160,021,728
LIABILITIES			
NON-CURRENT LIABILITIES			
Employees' defined benefit obligations	(16)	**453,809**	345,915
Total non-current liabilities		**453,809**	345,915
Current liabilities			
Trade payables		**383,546**	349,880
Accrued expenses and other current liabilities	(17)	**1,835,193**	1,769,738
Due to related parties	(11.2)	**3,704,467**	3,742,671
Zakat provision	(18)	**2,856,146**	2,462,316
Total current liabilities		**8,779,352**	8,324,605
Total Liabilities		**9,233,161**	8,670,520
Total equity and Liabilities		**153,678,950**	168,692,248

CFO	**CEO**	**Chairman**
Ahmed Talat Abd Alaziz	**Sulaiman Hamad Al Jedaie**	**Hatem Hamad Alsuhaibani**

The attached notes from (1) to (30) form an integral part of these consolidated financial statements

SAUDI INDUSTRIAL EXPORT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS OF ENDED DECEMBER 31, 2023

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	2023	2022
Revenue	(19)	**13,233,505**	266,530
Cost of revenue	(20)	**(13,568,037)**	(22,920)
Gross (loss) / profit		**(334,532)**	243,610
General and administrative expenses	(21)	**(23,667,941)**	(23,167,590)
Unrealized gains / (losses) on investments carried at FVTPL	(8.d)	**758,996**	(1,059,633)
Realized gains on disposal of investments carried at FVTPL	(8.c)	**7,432,822**	395,492
Impairment of other current assets	(9.2)	**(382,921)**	1,014,152
(Loss) / gain on sale of property, plant and equipment	6	**(91,185)**	92,595
Reversal / (allowance) for expected credit losses	(11.1)	**361,879**	(677,521)
Operating (loss)		**(15,922,882)**	(23,158,895)
Change in foreign currencies		**(11,574)**	(14,617)
Other income	(22)	**223,264**	402,8
Short term bank deposits income	(12)	**1,566,191**	583,333
Net (losses) for period before zakat		**(14,145,001)**	(22,187,306)
Zakat	(18)	**(1,459,474)**	(2,111,881)
(Losses) from continuing operations		**(15,604,475)**	(24,299,187)
Profit of discontinued operations	(23)	**---**	3,206,179
Net (losses) for the period after zakat		**(15,604,475)**	(21,093,008)
Other comprehensive Income:			
Item that will not be reclassified subsequently to profit or loss:			
Re-measurement gains on employee benefit obligations	(16)	**28,536**	116,428
Total comprehensive income for the period		**(15,575,939)**	(20,976,580)
Basic and diluted per share from:-			
(Losses) from continuing operations	(24)	**(0.80)**	(1.76)
(Losses) from discontinued operations	(23.4)	**---**	0.23

CFO	**CEO**	**Chairman**
Ahmed Talat Abd Alaziz	**Sulaiman Hamad Al Jedaie**	**Hatem Hamad Alsuhaibani**

The attached notes from (1) to (30) form an integral part of these consolidated financial statements

SAUDI INDUSTRIAL EXPORT COMPANY

(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDES' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023

(All amounts are in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Accumulated (losses)	Actuarial reserve	Total equity
Balance as at 1 January 2022	64,800,000	642,645	(52,837,550)	357,333	12,962,428
Absorption of losses through share capital	(43,200,000)	—	43,200,000	—	—
Increasing the capital through issuing priority rights	172,800,000	—	—	—	172,800,000
Transaction cost related to a rights issue (Note: 14)	—	—	(4,764,120)	—	(4,764,120)
Net (losses) for the year	—	—	(21,093,008)	—	(21,093,008)
Other comprehensive income for the year (Note: 16)	—	—	—	116,428	116,428
Balance as at December 31, 2022	**194,400,000**	**642,645**	**(35,494,378)**	**473,761**	**160,021,728**
Balance as at 1 January 2023	194,400,000	642,645	(35,494,678)	473,761	160,021,728
Net (losses) for the year	—	—	(15,604,475)	—	(15,604,475)
Other comprehensive income for the year (Note: 16)	—	—	—	28,536	28,536
Balance as at December 31, 2023	**194,400,000**	**642,645**	**(51,099,153)**	**502,297**	**144,445,789**

CFO	CEO	Chairman
Ahmed Talat Abd Alaziz	Sulaiman Hamad Al Jedaie	Hatem Hamad Alsuhaibani

The attached notes from (1) to (30) form an integral part of these consolidated financial statements

SAUDI INDUSTRIAL EXPORT COMPANY

(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023
(All amounts are in Saudi Riyals unless otherwise stated)

	2023	2022
Cash flows from operating activities:		
Net (losses) from continuing operations for the year before zakat	**(14,145,001)**	(22,187,306)
Profit from discontinued operations	---	3,206,179
Adjustments for:		
Depreciation of property, plant and equipment	**196,869**	269,932
Amortization of intangible assets	**6,656**	6,102
Depreciation of right-of-use assets	---	57,967
Disposal of right-of-use assets	---	140,477
Allowance for expected credit losses	**382,921**	(1,014,152)
Provision for balances of current assets and liabilities	**(3,926,199)**	1,700,705
Bad debts	**242,210**	1,218,266
(Reversal) / provision for a decrease in amounts of due from shareholders	**(361,879)**	677,521
Realized (gains) on disposal of investments carried at FVTPL	**(7,432,822)**	(395,492)
Unrealized (gains) / losses on investments carried at FVTPL	**(758,996)**	1,059,633
Employees' defined benefit obligations	**263,739**	210,838
Loss / (gain) from sale of property, plant and equipment	**91,185**	(92,595)
Disposal of property, plant and equipment related to discontinued operations	---	2,525,122
Depreciation of property, plant and equipment related to discontinued operations	---	104,144
Disposal of right-of-use assets related to discontinued operations	---	561,892
Depreciation of right-of-use assets related to discontinued operations	---	30,956
De-recognition of lease obligations related to discontinued operations	---	(626,947)
Financing costs related to discontinued operations	---	20,481
Gain from cessation of recognition of lease contracts	---	(16,722)
Change in foreign currencies	**11,574**	14,617
Cash (used in) operating activities	**(25,429,743)**	(12,528,382)
Changes in working capital items:		
Trade receivables	**(4,795,751)**	6,956,316
Due from related party	**1,506,591**	(2,821,767)
Prepayments and other debit balances	**12,171,353**	(13,066,510)
Trade payables	**33,666**	(2,869,572)
Accrued expenses and other current payables	**65,455**	(794,272)
Due to related party	**(38,204)**	935,649
Defined benefit obligations paid to employees	**(127,309)**	(150,654)
Zakat paid	**(1,065,644)**	(882,826)
Net cash (used in) operating activities	**(17,679,586)**	(25,222,018)
Cash flows from investing activities		
Acquisition of financial investments listed at fair value through profit or loss	**(85,892,387)**	(67,943,102)
Proceeds from the sale of financial investments listed at fair value through profit or loss	**89,356,556**	8,445,406
Dividends received from financial investments at fair value through profit or loss	**950,000**	---
Additions to property, plant and equipment	**(60,809)**	(97,324)
Additions to intangible assets	---	(26,624)
Proceeds from sale of property, plant and equipment	---	102,640
Net cash generated from / (used in) from investing activities	**4,353,360**	(59,519,004)

	2023	2022
Cash flows from financing activities		
Capital increase during rights issue	---	172,800,000
Transaction cost related to the rights issue	---	(4,764,120)
Lease obligations paid	---	(354,074)
Net cash generated from financing activities	---	167,681,806
Net change in cash and cash equivalents	**(13,326,226)**	82,940,784
Cash and cash equivalents at the beginning of the year	**90,421,143**	7,480,359
Cash and cash equivalents at the end of the year	**77,094,917**	90,421,143
Non-cash transactions		
Absorption of losses through share capital (Note: 13)	---	43,200,000
Write off trade receivables during the year	**240,903**	2,659,910
Gains on re-measurement of employee benefit obligations	**28,536**	116,428
Employee benefits transferred to accrued expenses and other credit balances	---	12,036

CFO	CEO	Chairman
Ahmed Talat Abd Alaziz	**Sulaiman Hamad Al Jedaie**	**Hatem Hamad Alsuhaibani**

The attached notes from (1) to (30) form an integral part of these consolidated financial statements

(All amounts are in Saudi Riyals unless otherwise stated)

1. General

- Saudi Industrial Export Company is a Saudi Joint Stock Company (the "Company"), established pursuant to the Minister of Industry and Trade resolution, No. 954 dated 12 Dhu al-Qidah 1410H. corresponding to 5 June 1990. The Company is registered under Commercial Register No. 1010077554 issued in Riyadh on 25 Dhu al-Qidah 1410H. corresponding to 18 June 1990. Unified entity no. 7001344865.

- The Company's head office is located in:
  P.O. Box 21977
  Riyadh 11485
  Kingdom of Saudi Arabia

- The Company's issued and authorized capital amounts to 194,400,000 Saudi Riyals divided into 19,440,000 shares of 10 Saudi Riyals each.

- The Company operates through the following branches, which assets, liabilities and operational results have been included in these consolidated financial statements:

Branch name	City	CR. number	Registration date
Saudi Industrial Exports Company - UAE Branch	Dubai	1473310	12/12/2019u

- The Company is engaged in the wholesale of lubricating oils and refined petroleum products, the wholesale of cement, plaster and the like, the wholesale of primary plastic materials, rubber and synthetic fibers, and storage in ports and customs or free zones.

- The activity of the Saudi Industrial Export Company - UAE branch - is engaged in general trade under the industrial license issued by Decision No. 868310 on 15 Rabi' al-Akhir 1441H corresponding to 12 December 2019.

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

- On the first of Rabi' al-Thani 1445H (corresponding to October 6, 2023), the following commercial registers (1010598789), (1010620859), (1010618735) were canceled due to lack of economic feasibility in carrying out the activity.

- On Rabi' al-Thani 3, 1445H (corresponding to October 18, 2023), the Saudi Industrial Exports Company, a "Saudi Joint Stock Company," established Haddaj Investment Company, a single person "Limited Liability Company," with an ownership percentage of 100% of the capital. The activity of Haddaj Investment Company a single person "limited liability company" is in financial services activities, with the exception of insurance, pension financing, and real estate activities in owned or leased properties, and the company has not carried out the activity until the date of the consolidated financial statements.

1.1 Significant matters

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

1.2 The consolidated financial statements comprise of the holding company and it's following subsidiary (together the "Group") as at December 31, 2023:

Name of the subsidiary	Country of incorporation	Percentage of ownership 2023	Percentage of ownership 2022
Haddaj Investment Company	Saudi Arabia	100%	----

1. General (Continued)

1.3 Basis Of Consolidation

These consolidated financial statements include the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flows, as well as the notes to the group's consolidated financial statements, as they include the assets, liabilities, and business results of the Company and its subsidiary as stated in (note 1.2). The Company and its subsidiary are collectively referred to as the "Group". A subsidiary is a company controlled by the Group. A subsidiary is consolidated from the date on which control commences until such time that control ceases. The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The cost of an acquisition is measured at the fair value of the identifiable assets acquired and the fair value of the previously existing equity interest in the subsidiary. The excess of the acquisition cost plus the fair value of non-controlling interests over the net value of the identifiable assets acquired is recorded as goodwill in the consolidated statement of financial position. Non-controlling interests are measured by the proportion of their share of the net assets of the acquired company on the acquisition date. If the business combination is achieved in stages, the book value at the acquisition date of the interests previously owned by the group in the acquired company is remeasured to the fair value at the acquisition date, and any gains or losses arising from the remeasurement are recognized in the consolidated statement of profit or loss.Transactions and balances, as well as unrealized income and expenses resulting from transactions between the Group 's companies, are eliminated. The subsidiary's accounting policies are amended, when necessary, to ensure consistency with the policies adopted by the Group. The company and its subsidiary have the same reporting periods.

2. Basis of preparation the consolidated financial statements

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

2.2. Accounting convention/measurement basis:

These consolidated financial statements have been prepared in accordance with the accrual accounting principle using the going concern concept and on the basis of historical cost, except for:

- Employees' defined benefits obligations that are measured at the present value of future obligations according to the projected credit unit method.

2.3 Functional and presentation currency

The consolidated financial statements items are presented in Saudi Riyals ("SR") which is the functional and presentation currency unless otherwise stated.

3. Significant accounting estimates, assumptions and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying disclosures, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

The significant accounting judgments, estimates and assumptions that have a material impact on the consolidated financial statements are stated as follows:

3. Significant accounting estimates, assumptions and judgments (Continued)

3.1 Measurement of employees benefits obligations

The Group's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount to arrive at present value. The calculation is performed annually by a qualified actuary using the projected unit credit method. Judgments are used in estimating the actuarial assumptions.

3.2 Provision for expected credit losses (ECL)

The Group applies the expected credit loss (ECL) model to determine the impairment losses of trade receivables and other receivables. This requires the Group to take certain factors to ensure that the balances of receivables are not overvalued as a result of the possibility of un-collecting them, such as ageing of receivables and continuous credit evaluation. Provisions are recorded when there is an objective evidence indicates the possibility of un-collection according to IFRS 9.

3.3 Useful lives of property and equipment

The management determines the estimated useful lives of property and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the estimated useful lives and the method of depreciation to ensure that the method and duration of depreciation are consistent with the expected model of the economic benefits from these assets. The change in depreciation expenses (if any) is adjusted in the current and future periods.

3.4 Impairment of non-financial assets

The Group assesses at each financial reporting date whether there are indications of impairment of non-financial assets at each financial reporting date. Non-financial assets are tested for impairment if there are indications that the carrying amount may not be recoverable.

When value in use is calculated, management evaluates the future cash flows from the asset or cash-generating unit and chooses the appropriate discount rate to calculate the present value of these cash flows.

3.5 Duration of lease contracts

In determining the term of a lease, management takes into account all facts and circumstances that create an economic incentive to exercise the extension option or the valuation is revised if a material event or significant change in circumstances occurs that affects such valuation. During the current financial year, there was no material financial impact from reviewing the terms of lease contracts to reflect the effect of exercising extension or termination options, as most of the Group's lease contracts are short-term.

3.6 Measurement of fair value

The fair value of the assets and liabilities

Fair value is the selling price that would be received in exchange for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring the fair value of a financial asset or liability, the Group uses market observable data as much as possible.

Fair values are categorized into a hierarchy based on the data used in the valuation techniques as follows:

- **Level 1:** Listed (unadjusted) prices in active markets for identical assets or liabilities can be obtained on the measurement date.
- **Level 2:** Inputs other than listed prices which already listed at level 1 which are observable to the assets and liabilities in direct manner (such as prices) or indirect manner (derived from prices)
- **Level 3:** Inputs of assets or liabilities are not based on observable market data (non-observable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

3. Significant accounting estimates, assumptions and judgments (Continued)

3.6 Measurement of fair value (Continued)

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. As at December 31, 2023 and December 31, 2022, there are no transfers between levels.

3.7 Going concern principle

The consolidated financial statements have been prepared on the going concern basis, which assumes that the Group will continue its business operations for the foreseeable future.

The Group is working to expand the business model by entering into operations complementary to the Group's activity according to the bylaws, to include warehousing operations in regional and international free zones, in addition to entering into import operations for raw materials and expanding transportation operations for the Group's account and for the account of others. In addition, the Group's management is working on Going into trading in items with a high profit margin, such as foodstuffs, and on February 15, 2022, the capital was restructured by absorbing the accumulated losses by reducing the capital from SR. 64.8 million to SR. 21.6 million, and during 2022, it was completed. One of the regulatory procedures to increase capital through issuing priority rights worth SR. 172.8 million (Note 13).

Management reasonably expects that the Group will remain as a going concern for the foreseeable future by activating the new strategy, which began to be implemented starting in July of the year 2022, and the business plan that was submitted to the regulatory authorities to obtain approval to increase the capital. The Group's capital was increased during the ending year. On December 31, 2022.

4. Significant accounting policies

4.1. Current versus non-current classification

The Group presents assets and liabilities in the statement of consolidated financial position based on current / non-current classification.

The assets

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group are classified all other assets as non-current.

The liabilities

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group are classified all other liabilities as non-current.

4.2. Property, plant and equipment

A) Recognition and measurement

- Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of acquiring an asset includes all costs related to acquiring the asset.
- An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

4. Significant accounting policies (Continued)

4.2. Property, plant and equipment (Continued)

A) Recognition and measurement (Continued)

- The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the property and equipment, and are recognized net in other income (expenses) in profit or loss.
- Subsequent expenditure is capitalized only when it increases the future economic benefits to the Group and can be measured reliably.
- Financing costs related to loans to finance the construction of qualifying assets are capitalized during the year necessary to complete and prepare the assets for their intended purpose.
- If significant parts of an item of property, plant and equipment have different useful lives then they are accounted for as separate items of property, plant and equipment.

The carrying amount of a replaced item is disposed when significant parts of property, plant and equipment are required to be replaced at intervals of time. The Group recognizes such parts as individual assets with specified useful lives and is depreciated accordingly.
Other repair and maintenance costs are included in profit or loss as incurred.

B) Depreciation

The cost less the estimated residual value is depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Item	Useful Life of asset	Item	Useful Life of asset
Furniture and fixtures	10 years	Vehicles	3 – 4 years
Computers	4 - 8 years	Machinery and equipment	8 years
Building on leasehold land	5 years or lease, whichever is less		

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.3 Borrowing costs

- Borrowing costs consist of interest and other costs incurred by an entity in connection with borrowing money.
- Borrowing costs directly attributable to the construction of an asset are capitalized using a capitalization rate up to that point when the work necessary to prepare the qualifying asset for its intended purpose is actually completed and thereafter these costs are charged to profit or loss.
- In the case of specific loans, all such costs are directly attributable to the acquisition, construction or production of an asset that requires a substantial period of time to prepare it for its specified purpose or for sale, such costs are capitalized as part of the cost of the relevant asset.
- All other borrowing costs are recognized as expenses in the period in which they occur.

4.4 Intangible assets

An intangible asset is an identifiable non-monetary asset that does not have a tangible physical entity. Acquired intangible assets are recognized when they are capable of being sold and disposed of separately from the head office as a whole or arise from contractual rights or other regulatory rights, and are measured at cost upon initial recognition while Intangible assets acquired in a business combination acquisition are measured at fair value at the acquisition date.

Intangible assets are measured later on the date of the consolidated financial statements at cost less accumulated amortization and impairment, if any.

The Group estimates the useful lives of intangible assets. If they have a useful life that can be determined, then they are estimated on a straight-line basis over their assumed useful life. Their value is reduced when there are indicators of decline and their value in use or their fair value decreases, less selling expenses, whichever is higher than their book value.
Amortization rates for intangible assets, which are reviewed periodically, are as follows: -

- Useful life of 3 years

4. Significant accounting policies (Continued)

4.5 Leases

Right-of-use assets and obligations of leases

The Group evaluates whether the contract is a lease or contains a lease. At the beginning of the contract, the Group establishes the right-of-use asset and the corresponding lease obligation in relation to all lease agreements in which it is the lessee party, with the exception of short-term leases and low-value leases.

The assets and liabilities arising from the lease contract are initially measured on the basis of present value. The assets and liabilities of the lease contracts are recognized and each lease payment is distributed between the liabilities and the financing cost. Charge the financing cost to profits or losses over the lease period.

Right-of-use assets

The right-of-use asset is depreciated over the useful life of the asset and the lease term, whichever is shorter, on a straight-line basis. The right-of-use asset is measured at the date of initial application for leases previously classified as operating leases at its carrying amount as if the standard had been applied from the inception date of the lease, but discounted using the lessee's incremental borrowing rate at the date of initial application.

Obligations of leases

Lease obligation is recognized at the date of initial application for leases previously classified as operating leases at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate at the date of initial application.

4.6 Trade receivables

These are non-derivative financial assets with fixed or determinable payments that are not listed in an active market and are created primarily by providing goods and services to customers (such as trade receivables). They also include other types of contractual financial assets that are initially recognized at fair value plus direct costs associated with them. obtained, and is subsequently recognized at amortized cost using the effective interest method, less an allowance for expected credit losses. Trade receivables appear net after deducting the provision that is recorded in a separate account and offset by a loss that is recorded in the consolidated statement of profit or loss and other comprehensive income. When it is confirmed that the trade receivables will not be collected, their total book value is written off against the provision associated with them

4.7 Cash and cash equivalents

For the purposes of preparing the consolidated statement of cash flows, cash and cash equivalents consist of bank balances, cash on hand, short-term deposits with an original maturity of three months or less, banks and other highly liquid short-term investments, if any, with an original maturity of three months. Or less than the date of its creation.

4.8 Impairment of non-financial assets

At each reporting date, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to the recoverable amount. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

The losses arising from impairment are recognized in the conslidated statement of profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

4. Significant accounting policies (Continued)

4.8 Impairment of non-financial assets (Continued)

An assessment is conducted at each reporting date to determine whether there is an evidence of impairment loss previously recorded or curtailed. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of consolidated profit or loss.

Any impaired non-financial assets are reviewed for possible reversal of the impairment at the end of each reporting period.

4.9. Financial instruments

Financial assets

Initial recognition and measurement

An asset and a financial liability are recognized when the Group becomes a party to the contractual obligations of the instrument.

All financial assets are classified and subsequently measured at amortized cost or fair value. The classification depends on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets as described below at the time of initial recognition.

All financial assets that are not classified as measured at amortized cost or at fair value through other comprehensive income as stated below are measured at fair value through profit or loss. Net gains and losses are recognized and include any interest or dividend income in profit or loss.

Assets measured at amortized cost

Financial assets are measured at amortized cost if the following two conditions are met:

- The objective to hold financial assets within a business model is to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets classified as trade receivables are measured at amortized cost as they are held in the business model to collect contractual cash flows from payments of principal and interest only.
- Amortized cost is reduced by impairment losses.

Investments in debt instruments at FVTOCI

- Investments in debt instruments that meet the following conditions are measured at fair value through other comprehensive income:
- Financial assets are maintained within a business model whose goal is achieved through collecting contractual cash flows and selling financial assets. The contractual terms of the financial asset give the right, on specific dates, to cash flows that are considered from the principal amount (principal payments) and interest on the principal amount.

These assets are subsequently measured at fair value. Dividend distributions are recognized as revenue in the conolidated statement of profit or loss, except when these distributions represent a recovery of part of the investment cost.

Any other losses or profits are recognized in the consolidated statement of other comprehensive income and are not reclassified to the conolidated statement of profit or loss.

The Group does not have investments in debt instruments at fair value through consolidated other comprehensive income.

Financial assets held at fair value through profit and loss

These assets are subsequently measured at fair value. Net profits or losses, including any interest or dividends, are recognized in the conolidated statement of profits or losses.

Financial assets are not subsequently reclassified to the initial measurement unless the Group changes the business model for managing financial assets. In this case, all financial assets that will be affected by this are reclassified on the first day of the first financial period following the change in the business model.

4. Significant accounting policies (Continued)

4.9. Financial instruments (Continued)

De-recognition

The Group derecognizes financial assets when the contractual cash flows for those assets expire, or when the Group transfers the right to obtain the contractual cash flows from the financial asset in a transaction in which all the risks and rewards of ownership of the financial assets are substantially transferred. Any interest resulting from the transferred financial assets that the Group creates or maintains is recognized as separate assets or liabilities.

Financial liabilities

Financial liabilities are classified according to the contractual arrangements, which also include creditors, the amounts payable and loans. All financial obligations are initially measured at fair value, after the initial recognition, the direct transaction costs are recorded at amortized cost using the effective commission rate over the life of the instrument and are recognized in the conolidated statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right and when the Group has the intention to settle on a net basis to realize the asset and settle the liability simultaneously.

4.10 Employees' benefits

a) Defined benefits programs

The Group offers employees' defined benefits plan in accordance with the labor law in the Kingdom of Saudi Arabia, where the Group's net obligation in relation to defined benefit programs is calculated by estimating the amount of future benefits that the employee has earned in the current and previous periods and deducting that amount. Defined benefits obligations are calculated annually by a qualified actuary using the projected unit credit method, which takes into account the provisions of the labor law in the Kingdom of Saudi Arabia and the Group's policy.

The defined benefit obligation is re-measured periodically 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. Given the absence of a deep market for government bonds/sukuks or corporate bonds/sukuks in the Kingdom of Saudi Arabia, the discount rate is determined by reference to the "yield to maturity" of the Dow Jones Sukuk Index. Net commission cost is calculated by applying the discount rate to the net defined benefit obligation balance and the fair value of the plan assets.

Defined benefits obligations are costed using actuarially defined retirement costs at the end of the previous year, adjusted for significant market fluctuations and any significant one-time events such as program modifications, workforce reductions, and reimbursements. In the absence of such significant market fluctuations and one-time events, the actuarial liabilities are extended based on the assumptions at the beginning of the year. If there are significant changes in assumptions or arrangements during the initial period, changes are considered to re-measure these obligations and related costs.

Re-measurement of the net defined benefit plan liability consisting of actuarial gains and losses is recognized directly in consolidated other comprehensive income. The Group calculates net benefit by applying the discount rate used to measure the net defined benefit obligation or asset. Net interest expense and other related expenses for defined benefit plans are recognized in consolidated profit or loss.

When the benefits of a program change or when the duration of the program is reduced, the resulting change in the benefit that relates to previous service or profits or losses from the reduction is recorded immediately in consolidated profits or losses.

b) Short-term employee's benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the Year the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

4. Significant accounting policies (Continued)

4.10 Employees' benefits (Continued)

c) Retirement benefit

Retirement contributions for its Saudi Arabian employees are paid by Group of the General Organization for Social Insurance and considered as a defined contribution plan. The payments are expensed as incurred.

4.11 Accounts payable and accruals

Trade payables are recognized for amounts payable in the future for goods and services received, whether or not billed by suppliers.

4.12 Related parties

A related party is a person or facility related to the Group. A person is a related party if he has control or significant influence over the Group or is a member of key management. A transaction with related parties is the transfer of resources, services, or obligations between the Group and the related party regardless of what If the price is charged and the key management personnel are the authorized persons responsible for planning and management and have direct or indirect control over the Group's operational operations, including the Group director.

4.13 Zakat and tax

A. Zakat

The Zakat provision is calculated in accordance with the regulations issued by the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia.The zakat provision is charged to profits or losses.

Any additional zakat obligations are recorded and adjustments resulting from the zakat assessment, if any, that may become due upon completion of the assessment are processed in the same financial year in which the zakat Zakat assessment is issued.

B. Withholding tax

The Group deducts taxes on certain transactions with non-resident entities in Saudi Arabia as required in accordance with the applicable tax regulations in the Kingdom of Saudi Arabia. The withholding tax relating to foreign payments is recorded as a liability.

C. Value added tax (VAT)

1- Revenues, expenses and assets are recognized after deducting the transaction tax (value-added tax), except for:

- When transaction tax incurred in connection with the purchase of assets or services is not recoverable from the tax authority, in which case the transaction tax is recognized as part of the cost of purchasing the asset or as part of expense items, where applicable, and
- Receivables and payables that are included with the transaction tax amount.

2- The net amount of transaction tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the consolidated statement of financial position.

4.14 Revenue

The Group recognizes revenue from contracts with customers based on a five-step model as defined in International Financial Reporting Standards. Revenue is recognized when an entity fulfills a performance obligation by transferring ownership of the promised goods or services to the customer. Revenues come mainly from services, the following five steps are followed: -

Step 1. Determine the contract (s) with a client:

A contract is an agreement concluded between two or more parties that establishes rights and undertakings and sets out the criteria that must be fulfilled for each contract.

4. Significant accounting policies (Continued)

4.14 Revenue (Continued)

Step 2. Determine the performance obligations in the contract:

A performance commitment is a promise in the contract with the client to transfer goods or provide services to the client.

Step 3. Determine the transaction price:

The transaction price is the amount of the consideration that the company expects to receive in exchange for transferring the goods or services promised to the client, excluding the amounts collected on behalf of third parties.

Step 4. Allocation of the transaction price to the performance obligations in the contract:

In a contract that contains more than one performance obligation, the company will distribute the transaction price to each performance obligation in an amount that determines the amount of the consideration that the company expects to receive in exchange for fulfilling each performance obligation.

Step 5. Recognition of revenue when (or where) the entity fulfills a performance obligation.

The Group evaluated its revenue agreements based on specific criteria and determined that it acts as a principal party to all revenue agreements.

Revenue recognition:

The Group recognizes revenue in accordance with the terms and conditions contained in contracts concluded with customers to the extent that performance obligations related to customer contracts are fulfilled by the Group.

- Revenue is measured at the fair value of the consideration collected or receivable, taking into account any trade discounts, quick settlement discounts and volume discounts allowed by the Group (if any).
- Revenue includes only the total inflows of economic benefits received or receivable that relate to it. All amounts collected on behalf of a third party, such as income taxes and value-added taxes, are excluded.
- Revenue recognition policy: When the good is delivered or the service is performed and accepted by the customer at a certain point in time, all benefits and risks related to it are transferred to the customer and he is able to benefit from the service provided, and therefore the Group has the right to recognize revenues at the time when invoices are issued.

4.15 Expenses

General and administrative expenses include direct and indirect costs that are not specifically considered part of the cost of revenues.

All expenses except financial charges, depreciation, amortization and impairment losses are classified as general and administrative expenses.

Other common expenses are distributed between revenue costs, and general and administrative expenses on a fixed basis when necessary.

4.16 Foreign currency translations and balances

Transactions in foreign currencies are recorded after converting them according to the prevailing exchange rates into the functional currency (the Saudi riyal) on the date of the transaction, and the balances of monetary assets and liabilities in foreign currencies are converted into the Saudi riyal (the functional currency) at the exchange rates prevailing on the date of the consoloditaed financial statements. Gains and losses resulting from changes in exchange rates are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are retranslated using the exchange rates as at the date of the initial transactions and are not subsequently adjusted. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Gains or losses arising on the translation of non-monetary items measured at fair value are treated in line with the recognition of gains or losses from changes in the fair value of the related item.

(All amounts are in Saudi Riyals unless otherwise stated)

4. Significant accounting policies (Continued)

4.17 Provisions

Provisions are recognized when the Group has a liability at the date of the consolidated statement of financial position (legal or constructive) as a result of a past event; It is probable that the Group will divert economic resources to settle the obligation and that the obligation can be estimated reliably. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

4.18. Dividends

Dividends are recognized as a liability when approved at the annual general meeting. Interim dividends are recorded upon approval by the members of the Board of Directors.

5. New standards and amendments to standards and interpretations

The Group has not early adopted any standards, interpretations or amendments issued that are not yet effective. The International Accounting Standards Board has issued the following accounting standards and amendments, which are effective for periods beginning on or after January 1, 2023. Management found that the amendments do not have any material impact on the Group's consolidated financial statements.

IFRS (17) "Insurance Contracts" - This standard replaces IFRS (4), which allows a variety of practices in accounting for insurance contracts.

5. New standards and amendments to standards and interpretations...(Continued)

Small-scale amendments to IFRS 1, Practice Statement 2 and IAS 8. The amendments are intended to improve disclosure of accounting policies and help users of consolidated financial statements distinguish between changes in accounting estimates and changes in accounting policies.

Amendments to IAS 12 - Deferred tax relating to assets and liabilities arising from a single transaction - require companies to recognize deferred tax on transactions that give rise, on initial recognition, to equal amounts of taxable and deductible temporary differences.

The standards and amendments issued are not yet effective

The following is a statement of the new and amended standards and interpretations issued and not yet effective until the date of issuance of the Group's consolidated financial statements. The Group intends to follow these new and revised standards and interpretations, if applicable, when they become effective.

Applies to financial periods Annual beginning on or after	Standard/amendments or interpretations	Summary of requirements
January 1, 2024	Amendments to IAS 1 "Presentation of Consolidated Financial Statements", when classifying liabilities	These narrow amendments to IAS 1 Presentation of Consolidated Financial Statements clarify that the classification of liabilities as current or non-current depends on the rights that existing at the end of the financial reporting period, and non-current liabilities not traded with pledges.
January 1, 2024	Amendments to IFRS 16 Sale and Leaseback Lease Commitment	The amendments require the seller-lessee to subsequently measure the lease liability arising from the release in a manner that does not recognize any amount of gain or loss related to the right of use it retains.
January 1, 2024	Amendments to IAS 7 and IFRS 7	Enhancing disclosures of supplier financing procedures regarding the facility's obligations.
Available for optional application / Application date postponed indefinitely	Amendments to IFRS 10 and IAS 28	Selling or contributing assets between the investor and his associate or joint venture.

(All amounts are in Saudi Riyals unless otherwise stated)

6. Property, plant and equipment – Net

2023	Furniture and fixtures	Computers	Vehicles	Building on leasehold land	Total
Cost					
Balance as at January 01, 2023	715,407	1,044,103	136,436	568,426	2,464,372
Additions during the year	---	60,809	---	---	60,809
Disposals during the year	(531,961)	(607,931)	---	---	(1,139,892)
Balance as at December 31, 2023	**183,446**	**496,981**	**136,436**	**568,426**	**1,385,289**
Accumulated depreciation					
Balance as at January 01, 2023	522,251	881,541	128,970	359,968	8,892,730
Depreciation for the year (Note: 21)	16,081	59,743	7,466	113,579	196,869
Disposals during the year	(470,126)	(578,581)	---	---	(1,048,707)
Balance as at December 31, 2023	**68,206**	**362,703**	**136,436**	**473,547**	**1,040,892**
Net book value:					
As at December 31, 2023	**115,240**	**134,278**	**---**	**94,879**	**344,397**

(All amounts are in Saudi Riyals unless otherwise stated)

6. Property, plant and equipment – Net...(Continued)

2022	Building	Machines and equipment	Furniture and fixtures	Computer	Vehicles*	Building on leasehold land	Work in progress	Total
Cost								
Balance as at January 01, 2022	2,803,014	882,551	767,822	1,212,906	396,983	568,426	70,800	6,702,502
Additions during the year	---	---	43,219	54,105	---	---	---	97,324
Disposals from discontinued operations (Note 23) **	(2,803,014)	(882,551)	(95,634)	(222,908)	---	---	(70,800)	(4,074,907)
Disposals during the year	---	---	---	---	(260,547)	---	---	(260,547)
Balance as at December 31, 2022	---	---	**715,407**	**1,044,103**	**136,436**	**568,426**	---	**2,464,372**
Accumulated depreciation								
Balance as at January 01, 2022	439,614	776,468	595,103	952,667	308,806	246,283	---	3,318,941
Depreciation for the year (Note: 21)	---	---	22,622	62,959	70,666	113,685	---	269,932
Charges during the year from discontinued operations (Note 23)**	58,396	16,468	83	29,197	---	---	---	104,144
Disposals from discontinued operations (Note 23) **	(498,010)	(792,936)	(95,557)	(163,282)	---	---	---	(1,549,785)
Disposals during the year	---	---	---	---	(250,502)	---	---	(250,502)
Balance as at December 31, 2022	---	---	**522,251**	**881,541**	**128,970**	**359,968**	---	**1,892,730**
Net book value:								
As at December 31, 2022	---	---	**193,156**	**162,562**	**7,466**	**208,458**	---	**571,642**

During 2020, the company purchased cars worth SR. 227,393 through a financial lease for a period of 3 years ending with ownership. If the lease contracts related to its right of use were committed during 2022, the company acquired the cars and paid all the amounts related to them.

Discontinued operations with regard to exclusions from cost and charge during the year and exclusions from accumulated depreciation and their impact on the above note (Note 23) are presented separately.

Property, plant and equipment contains assets whose cost amounted to SR. 1,217,966 as of December 31, 2022, which have been fully depreciated and are still in use by the Company.

7. Intangible assets - Net

	2023	2022
Cost - Software licenses		
Balance At the beginning of the year	26,624	57,967
Additions during the year	---	26,624
Disposals during the year (Note: 21)	---	(57,967)
Balance as at December 31,	26,624	26,624
Accumulated depreciation		
Balance At the beginning of the year	6,102	---
Amortization during the year (Note: 21)	6,656	6,102
Balance as at December 31,	12,758	6,102
Net book value as at December 31	13,866	20,522

- During 2022, the company's Board of Directors approved the digital transformation plan. Accordingly, the company wrote off the asset and terminated the contract related to it.

8. Investments carried at Fair Value Through Profit or Loss (FVTPL)

	Dec. 31, 2023	Dec. 31, 2022
Investment in financial assets at fair value (a)	4,914,111	11,496,855
Investment in mutual Funds (b)	57,697,093	47,336,700
	62,611,204	58,833,555

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

Movement of investments in financial assets at fair value at the following:-	2023	2022
Balance At the beginning of the year	11,496,855	---
Additions during the year	45,892,387	20,943,102
Disposals during the year	(58,684,204)	(8,445,406)
Realized gains on disposal of investments carried at FVT (c)	6,055,502	395,492
Changes in fair value measurement of investments carried at FVTPL at end of the year(d)	153,571	(1,396,333)
Balance at the end of the year	4,914,111	11,496,855

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

	Number of Units (units)		Carrying amount (Saudi Riyals)	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Al-Badr Murabaha Fund	---	1,874,414	---	30,295,033
Tasharuk Fund	200	100	20,091,667	10,041,667
Blom Hajar Real Estate Fund	7,000	7,000	7,071,004	7,000,000
Mieyar Fund for Saudi shares	1,500,000	---	16,221,300	---
Al-Nafie Petrochemical Fund	1,500,000	---	14,313,122	---
			57,697,093	47,336,700

Movement of investments in joint investment funds is subject to Islamic Sharia at the following:-

	2023	2022
Balance At the beginning of the year	47,336,700	---
Additions during the year	40,000,000	47,000,000
Disposals during the year	(30,672,352)	---
Realized gains of investments carried at FVTPL	1,377,320	---
Proceeds received during the year	(950,000)	---
Changes in fair value measurement of investments carried at FVTPL at end of the year	605,425	336,700
Balance at the end of the year	57,697,093	47,336,700

(All amounts are in Saudi Riyals unless otherwise stated)

8. Investments carried at Fair Value Through Profit or Loss (FVTPL)...(Continued)

c. Realized gains from the sale of investments at fair value through profit or loss

	2023	2022
Realized gains from investments in financial assets at fair value (a)	6,055,502	395,492
Realized gains from investments in mutual funds (b)	1,377,320	---
	7,432,822	395,492

d. Unrealized gains/(losses) from the sale of investments at fair value through profit or loss

	2023	2022
Unrealized gains/(losses) from investments in financial assets at fair value (a)	153,571	(1,396,333)
Unrealized gains from investments in mutual funds (b)	605,425	336,700
	758,996	(1,059,633)

9. Trade receivables – Net

	Dec. 31, 2023	Dec. 31, 2022
Gross trade receivables (Note: 9.1)	7,864,288	3,309,440
Allowance for expected credit losses (Note: 9.2)	(1,350,324)	(1,208,306)
	6,513,964	2,101,134

9.1. The following is information related to exposure to credit risk regarding the company's trade receivables using the provisions matrix:-

On December 31, 2023	From 1: 30 days	From 31: 90 days	From 91: 365 days	More than 365 days	Total
Trade receivables balance	4,806,750	---	1,551,479	1,506,059	7,864,288
Expected loss rate	3,05%	---	8,69%	70,97%	17,17%
Expected credit (losses)	(146,579)	---	(134,881)	(1,068,864)	(1,350,324)
	4,660,171	---	1,416,598	437,195	6,513,964

On December 31, 2022	From 1: 30 days	From 31: 90 days	From 91: 365 days	More than 365 days	Total
Trade receivables balance	332,045	---	388,491	2,588,904	3,309,440
Expected loss rate	4,42%	---	16,24%	43,67%	36,51%
Expected credit (losses)	(14,684)	---	(63,091)	(1,130,531)	(1,208,306)
	317,361	---	325,400	1,458,373	2,101,134

9.2. Movement in the allowance for expected credit losses as the follows:

	Dec. 31, 2023	Dec. 31, 2022
Balance At the beginning of the year	1,208,306	4,882,368
Provision / (reversal) for the year	382,921	(1,014,152)
Written off during the year	(240,903)	(2,659,910)
Balance at the end of the year	1,350,324	1,208,306

(All amounts are in Saudi Riyals unless otherwise stated)

10. Prepayments and other debit balances – Net

	Dec. 31, 2023	Dec. 31, 2022
Advance payments to suppliers	**6,168,875**	6,620,351
Other debit balances	**188,982**	1,726,216
	6,357,857	8,346,567
Allowance for expected credit losses (Note: 10.1)	**(3,926,199)**	(1,700,705)
	2,431,658	6,645,862
Prepaid expenses	**2,475,653**	2,435,340
VAT	**1,153,587**	---
Employees' receivables	**40,170**	186,277
Receivables from Sara Factory assets sale *	---	5,332,527
	6,101,068	14,600,006

* On August 11, 2022, the company's board of directors decided to assign Sarah Factory for Medical Supplies due to its economic viability and to reduce general and administrative expenses according to the company's new strategy and business plan, and during 2022, the company sold the factory's net assets and the commercial registration was written off on the date of Jumada 13, 1444H (corresponding to December 07, 2022) – Note 23.

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

	Dec. 31, 2023	Dec. 31, 2022
At the beginning of the year	**1,700,705**	---
Provided during the year (Note: 21)	**3,926,199**	1,700,705
Written off during the year	**(1,700,705)**	---
At the end of the period/ year	**3,926,199**	1,700,705

11. Related parties' transactions and related balances

In the ordinary course of business, the Company undertakes transactions with the related parties of the company. All such transactions are executed on commercial terms that are approved by the management. Transactions during the year with related parties and the related balances as at December 31, are as follows:

Related Party	Nature of transactions	2023	2022
Shareholders	Refunds from the sale of fractional capital reductions	**1,546,591**	712,150
	Excess capital subscription	**38,204**	76,540,570
Management staff and committee members	Management salaries	**886,408**	872,567
	Salaries and benefits	**3,472,695**	2,117,369
	Attendance allowances	**234,000**	159,000

11.1. Due from a related party

	Dec. 31, 2023	Dec. 31, 2022
Amounts due from shareholders	**1,315,176**	2,821,767
Less: Provision for amounts due from shareholders (Note: 11.2)	**(315,642)**	(677,521)
	999,534	2,144,246

11.2. Movement of the provision for amounts due from shareholders

	2023	2022
At the beginning of the year	**677,521**	---
(Reversal) / provided during the year	**(361,879)**	677,521
	315,642	677,521

(All amounts are in Saudi Riyals unless otherwise stated)

5. Related parties transactions and related balance (Continued)

11.3. Due to related parties

	Dec. 31, 2023	Dec. 31, 2022
Share capital subscription surplus (a)	**437,136**	437,136
Dividend payable (b)	**2,369,766**	2,369,766
Refunds from the sale of capital reduction fractions (c)	**34,109**	34,109
Rights-issue holders' compensation share capital increase (Note 11.c) (d)	**863,456**	901,660
	3,704,467	3,742,671

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

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

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

d) The balance of compensation dues for rights shares - capital increase is represented by the dues of shareholders who did not exercise their right to subscribe to rights shares, and the remaining amounts due to shareholders amounted to SR. 863,456 as of December 31, 2023 and December 31, 2022 (SR. 901,660) The company was unable to transfer these amounts due to the unavailability or incompleteness of the receivables' bank account data.

12. Cash and cash equivalents

	Dec. 30, 2023	Dec. 31, 2022
Cash at banks	**74,854,265**	57,587,227
Short term bank deposits (Note: 12.1)	**---**	30,583,333
Cash balances available at investment portfolio	**2,240,652**	2,250,583
	47,094,917	90,421,143

12.1 Short term bank deposits

Represents deposits with a local bank in complince with Islamic Sharia carrying an annual commission rate of 5.55% and mature within one year. The income from these deposits is included within "short term bank deposits income" in the consolidated statement of profit or loss and other comprehensive income. The Company earned an amount of SR. 1,566,101 as of December 31, 2023 (As of 31 December 2022: an amount of SR. 583,333).

	Dec. 30, 2023	Dec. 31, 2022
At the beginning of the year	**30,583,333**	---
Additions during the year	**---**	30,000,000
Revenues from accrued bank deposits	**1,566,191**	583,333
Accrued bank deposit income	**(32,149,524)**	---
At the end of the year	**---**	30,583,333

- On September 03, 2023, the deposit was due with a total value of SR. 31,729,791, and fees and taxes amounting to SR. 63,747 were deducted. On September 12, 2023, the deposit was renewed at a value of SR. 32,149,524 for a period of one month ending on December 13, 2023.

13. Share capital

a) Share capital of the Company as at December 31, 2023 amounted to SR 194,400,000 (31 December 2022: SR 194,400,000) consisting of 19,440,000 shares (31 December 2022: 19,440,000) shares fully paid and issued shares at a value of 10 Saudi Riyals per share.

(All amounts are in Saudi Riyals unless otherwise stated)

13. Share capital (Continued)

b) During the year ended 31 December 2022, Capital Market Authority ("CMA") approved the Company's request to reduce its share capital from SR 64.8 million to SR 21.6 million by reducing the number of shares from 6,480,000 to 2,160,000 to absorb accumulated losses of the Company amounting to SR 43,2 million. On 15 February 2022, the Extraordinary General Assembly approved Company's restructuring of share capital, and the statutory procedures were completed, and the Company's share capital was amended.

c) Furthermore, on 17 March 2022, the Company obtained regulatory approval from the CMA to increase share capital through rights-issue amounting to SR 172.8 million. On 11 May 2022, the Company's extraordinary general assembly approved the share capital increase through rights- issue, and the regulatory procedures were completed, and the Company's share capital was amended during the year ended 31 December 2022.

14. Rights-issue subscription payable compensation

The results of trading the rights-issue and subscribing to new shares were the subscription of (15,597,076) shares of the new offered shares out of a total number of (17,280,000) shares at a value of SR 155,170,760, and the coverage ratio of the total new shares offered was 90.26%, and the remaining shares that were not subscribed were offered amounting to (1,682,924) shares in the auction, and the average selling price of the sold shares was SR 55.48 per share, and the total proceeds from the sale of unsubscribed shares was SR 93,369,809, bringing the net compensation amount belonging to the shareholders of rights-issue to SR 76,540,569. It was agreed with the Saudi Investment Bank to distribute the proceeds from the sale of rights-issue, and SR. 75,640,729 were settled during the period from 23 June 2022 to June 30, 2022, the amount of SR. 863,456 remained unpaid until December 31, 2023 (Note: 11-d).

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

15. Statutory reserve

In line with the requirements of the Saudi Companies Law, the Company transfers 10% of its profit for the year to a statutory reserve until this reserve reaches 30% of the capital. This reserve is not available for distribution. The necessary legal measures are being taken to amend the bylaws so that they are compatible with the new Saudi Companies Law.

16. Employees' defined benefit obligations

	2023	2022
Balance at January 01,	**345,915**	414,195
Current service cost (Note: 21)	**248,341**	200,755
Interest cost (Note: 21)	**15,398**	10,083
Benefits paid during the year	**(127,309)**	(150,654)
Benefits transferred to accrued expenses and other credit balances	**---**	(12,036)
Gains on remeasurement of employee benefits (Note: 16.1)	**(28,536)**	(116,428)
	453,809	345,915

16.1 Movement in net employees' defined benefit obligations

	2023	2022
Balance at January 01,	**473,761**	357,333
Gains on remeasurement of employee benefits	**28,536**	116,428
	502,297	473,761

Actuarial assumptions

Significant assumptions used in determining the post-employment defined benefit obligations includes the following:

	2023	2022
Retirement age	**60 years**	60 years
Discount rate	**5.4%**	5.4%
Future salary increase	**3.50%**	3.50%
Staff turnover rate	**Medium**	Medium

(All amounts are in Saudi Riyals unless otherwise stated)

16. Employees' defined benefit obligations (Continued)

Sensitivity analysis

Sensitivity analysis is based on a method that extrapolates the effect on defined employee benefit obligations when a change occurs in one of the basic actuarial assumptions, while keeping all other assumptions constant. Below is a quantitative sensitivity analysis of the assumptions used to measure defined employee benefit obligations.

The basis is according to the actuarial assumptions used Employee benefit obligations to change an assumption	**2023**	2022
Discount rate (rate increase by 1%)	**401,950**	305,126
Discount rate (decrease rate by 1%)	**(514,899)**	(394,765)
Future salary growth (1% rate increase)	**515,470**	394,765
Future salary growth (rate decrease by 1%)	**(400,600)**	(304,068)

The sensitivity analysis may not represent the actual change in defined employee benefit obligations but only provides an approximate report of the sensitivity of the assumptions, as it is unlikely that changes in the assumptions would occur independently of each other.

17. Accrued expenses and other current liabilities

	Dec. 30, 2023	Dec. 31, 2022
Accrued expenses	**966,580**	1,656,029
Advance payments from customers	**868,613**	99,300
VAT payable	---	14,409
	1,835,193	1,769,738

18. Provision for zakat

18.1. Zakat has been calculated as follows:

Positive items	**2022**	2021
Net (losses) amended	**(18,125,317)**	(18,770,289)
Shared capital	**194,400,000**	152,383,562
Statutory reserve	**642,645**	642,645
Provisions	**2,582,681**	1,459,811
Other additional	**471,245**	5,367,276
Total positive items	**179,971,254**	141,083,005
Negative items		
Property, plant and equipment (Net)	**(358,263)**	(592,164)
Accumulated losses	**(35,494,678)**	(52,837,550)
Investments in a subsidiary company	**(87,293)**	---
Investments inside the Kingdom are subject to zakat	**(62,611,203)**	(11,496,855)
Total negative items	**(98,551,437)**	(64,926,569)
Zakat base	**81,419,817**	76,156,436
Zakat due @ 2.5%	**2,112,816**	1,977,817

* Zakat was calculated in proportion to the number of days of the fiscal year according to the period of the financial statements attributable to the number of the lunar year 354 days after excluding the profits and losses of the year because it pertains to the period, based on Article Fourteen of the new Zakat levy Regulations issued by Ministerial Resolution No. (2216) dated 07.07.1440H.

(All amounts are in Saudi Riyals unless otherwise stated)

18. Provision for zakat (Continued)

18.2. Zakat movement

	2022	2021
Balance at the beginning of the year	2,462,316	1,233,261
Previous years adjustments	(653,342)	134,064
Provision for the year	2,112,816	1,977,817
	1,459,474	2,111,881
Paid during the year	(1,065,644)	(882,826)
	2,856,146	2,462,316

18.3 Zakat status

1- Saudi Industrial Exports Company (The Holding Company)

The Company submitted its zakat returns to Zakat, Tax and Customs Authority (ZATCA) until the year ended 31 December 2022 and obtained a certificate valid until 21 Shawal 1445H corresponding to 30 April 2024. The Company received letters of adjustment for zakat assessments for the years 2014 to 2020. The value of the zakat differences amounted to SR. 5,835,597. The Company has settled the tax differences for the years 2014, 2017, 2019 and 2020, and the amount of SR. 5,092,267 was paid, and the rest of the differences for the years 2015, 2016 and 2018 were disputed with the general secretariat of the tax committees. On September 5, 2023, a final decision was issued to accept the objection regarding the Zakat differences for the year 2016, and the Objection submitted for the years 2015 and 2018 was rejected for a total amount of SR. 743,330.

2- Haddaj Investment Company (The Subsidiary Company)

The company was established on October 18, 2023, and the company's first financial period ends on December 31, 2024, and no zakat returns are due until the date of the consolidated financial statements.

18.4 VAT status

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

19. Revenues

	2023	2022
Selling of goods	9,261,425	22,920
Services rendered	3,972,080	243,610
	13,233,505	266,530

19.1 Timing of revenue recognition

	2023	2022
At a certain point in time	13,233,505	266,530

20. Cost of revenues

	2023	2022
Cost of material	10,569,406	22,920
Cost of services	2,998,631	---
	13,568,037	22,920

(All amounts are in Saudi Riyals unless otherwise stated)

21. General and administrative expenses

	2023	2022
Salaries, wages, and equivalent	7,502,304	5,435,068
Professional fees	5,634,691	4,300,767
Provision expense for impairment of other current assets balances (Note: 10.1)	3,926,199	1,700,705
Board of Directors' remuneration (Note: 11.1)	886,408	872,567
Governmental fees	551,164	649,598
Computer systems licenses	2,337,860	512,873
Depreciation of property, plant and equipment (Not: 6)	196,869	269,932
Travelling and transportation	575,243	---
Insurance	179,298	---
Rent	564,863	254,081
Attendance allowance for members of the Board of Directors (Note: 11.1)	234,000	159,000
Depreciation of right-of-use assets	---	140,477
Water, electricity and telephone	78,186	74,634
Repair and maintenance	14,449	67,721
Bank charges	35,567	66,117
Amortization intangible assets (Note: 7)	6,656	64,069
Employee benefit obligations (Note: 16)	263,739	210,838
Stationary	10,964	27,740
Advertising	3,476	15,536
Bad debts	242,210	1,218,266
VAT settlement expenses (Note: 18.3)	---	6,619,971
Others	423,795	507,630
	23,667,941	23,167,590

22. Other income

	2023	2022
Dividend from financial investments listed at fair value through profit or loss (note: 8)	42,122	46,823
Amounts collected related to previously bad debts	---	187,500
Rent	---	51,348
Others	181,142	117,202
	223,264	402,873

23. Non-continuous operations

On August 11, 2022, the company's Board of Directors decided to relinquish the Sarah Medical Supplies Factory due to its lack of economic feasibility and to reduce general and administrative expenses according to the company's new strategy and business plan. The company sold the net assets of the factory and the commercial registry was canceled on the date of Jumada al-Awwal 13, 1444H, corresponding to December 07. 2022.

23.1 The results of operations are not continuous

	2023	2022
Revenues	---	12,539
Cost of revenues	---	(11,719)
Other income	---	11,719
Profit on sale of net assets	---	3,538,833
General and administrative expenses	---	(324,712)
Financing costs	---	(20,481)
Profit from discontinuous operations	---	3,206,179
Nominal and diluted earnings per share	---	0.23

(All amounts are in Saudi Riyals unless otherwise stated)

23. Non-continuous operations (Continued)

23.2 Gain on sale of net assets from discontinued operations

During 2022, the company sold the assets and liabilities of the Saudi Industrial Exports Company - Sarah Factory Branch for an amount of SR. 6 million. It was agreed to schedule payment of the sales value within a period of one year from the date of 2022 until September 15, 2023 in five installments, and the first payment was received on November 17, 2022. The profit from the sale of net assets of discontinued operations was calculated as follows:

	2023	2022
ASSETS		
Property, plant and equipment - Net	---	2,525,122
Right-of-use assets – Net	---	561,892
Prepaid expenses and other current assets	---	1,100
Total assets from discontinued operations	---	3,088,114
LIABILITIES		
Lease obligations	---	626,947
Total liabilities from discontinued operations	---	626,947
Net assets from discontinued operations	---	2,461,167
Selling value	---	6,000,000
Gain on sale of net assets of discontinued operations	---	3,538,823

23.3 Gain on sale of net assets from discontinued operations

	2023	2022
Cash flows during the year		
Proceeds from the sale of property, machinery and equipment	---	605,571
Revenue receipts	---	12,539
General and administrative expenses paid	---	(177,109)
Net operating cash flows	---	441,001

23.4 Basic and diluted earnings per share from discontinued operations

	2023	2022
Profit from discontinuous operations		
Sarah Factory for Medical Supplies	---	3,206,179
Gross profit from discontinued operations	---	3,206,179
The weighted average number of common shares outstanding during the year	---	13,782,575
Basic and diluted earnings per share from discontinued operations	---	0.23

24. Basic and diluted loss per share

	2023	2022
(Losses) from continuing operations for the year	**(15,604,475)**	(24,299,187)
Weighted average number of common shares	**19,440,000**	13,782,575
Basic and diluted (loss) per share	**(0,80)**	(1,76)

Basic loss per share was calculated by dividing the losses for the year attributable to the company's shareholders by the weighted average number of common shares outstanding during the year.

Diluted loss per share was calculated by dividing the losses for the year attributable to shareholders of the company by the weighted average number of common shares outstanding during the year after adjusting for the effect of all potential common shares. There were no potentially dilutive shares outstanding at any time during the year ended December 31, 2023 and the year ended December 31, 2022.

(All amounts are in Saudi Riyals unless otherwise stated)

25. Segment information

A sector is a distinct element that provides products or services (a business sector) and is subject to risks and benefits that differ from any other sector. The Group monitors its business essentially as a single business sector, and accordingly, management believes that business sector reports do not apply to the Group. The Group operates only in the Kingdom of Saudi Arabia.

26. Contingent liabilities

There are no cases brought against the Group for the financial year ending on December 31, 2023, which may require or have a material impact on the consolidated financial statements.

27. Financial instruments

27.1. Financial risk management

The company's activities are exposed to various financial risks: credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's general risk management program focuses on the unpredictability of financial market conditions and seeks to limit potential negative impacts on the company's financial performance. Senior management is responsible for risk management. The following is a summary of the most important types of risks: -

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group are exposed to credit risk on its bank balances and accounts receivable as follows:

The following table shows the maximum credit risk to which the Group are exposed in relation to the components of the consolidated statement of financial position.

	2023	2022
Trade receivables (Note: 9)	**6,513,964**	2,101,134
Prepayments and other debit balances – Net (Note: 10)	**1,193,757**	5,518,804
Amounts due from shareholders (Note: 11.1)	**999,534**	2,144,246
Cash and cash equivalents (Note: 12)	**77,094,917**	90,421,143
	85,802,172	100,185,327

- Trade receivables are recorded net after deducting expected credit losses. Other than that, management has not identified any significant concentration of credit risk at the date of preparing the consolidated financial statements and expects to recover the amounts in full at the recorded book value of cash balances with banks and other financial assets. Therefore, there is no need to prove significant impairment losses in The value of those balances.

- Cash balances held in banks with a stable credit rating.

Liquidity risk

Liquidity risk is that the Group encounters difficulty in securing the necessary funds to meet obligations related to financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly and at a value approximate to its fair value. The Group's methodology for liquidity management is to ensure, as much as possible, that it has sufficient cash liquidity to meet its obligations when they fall due, under normal and difficult circumstances, without incurring unacceptable losses or being exposed to risks that would harm the company's reputation. Accordingly, the Group manages liquidity risks by constantly monitoring expected and actual cash flows and maturity dates of financial assets and liabilities.

Management believes that the Group are not exposed to significant liquidity risks.

The remaining contractual due dates for financial liabilities as of the date of the consolidated financial statements are as follows: The amounts are calculated based on contractual undiscounted payments:

27. Financial instruments (Continued)

Liquidity risk (Continued)

	Book value upon request or less than 12 months
2023	
Trade payables	383,546
Accrued expenses and other current liabilities (Note: 17)	1,835,193
Amounts due to shareholders (Note: 11.3)	3,704,467
	5,923,206
2022	
Trade payables	349,880
Accrued expenses and other current liabilities (Note: 17)	1,769,738
Amounts due to shareholders (Note: 11.3)	3,742,671
	5,862,289

Market risk

Market risk is the risk of fluctuation in a financial instrument due to changes in prevailing market prices, such as foreign exchange rates, interest rates, and stock prices, which affects the Group's income or the value of the financial instruments it owns. Market risk management aims to manage and control market risk exposure within acceptable limits while maximizing returns.

Foreign currency risk

Foreign currency risk is the fluctuations that occur in the value of financial instruments as a result of changes in foreign exchange rates. The Group are exposed to fluctuations in foreign exchange rates in the ordinary course of its business. The Group conducted significant transactions, and has significant monetary assets and liabilities in Saudi riyals and US dollars. Given that the Saudi Riyal currently has a fixed exchange rate against the US Dollar, management believes that the Group are not exposed to any significant currency risk. The Group has conducted transactions in other currencies such as the Euro, UAE Dirham, Egyptian Pound and Indian Rupee. The Group manages currency risk by carefully monitoring exchange rates in other currencies. As of the date of the consolidated financial statements, the risks to which the Group are exposed as a result of foreign exchange changes in its financial liabilities are considered insignificant. .

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate as a result of changes in market interest rates. The Group does not have exposure to significant interest-bearing financial instruments. Accordingly, the Group is not exposed to interest rate risk.

28. Comparative figures

The comparative figures are represented in the financial statements of the parent company only, as the subsidiary (Haddaj Investment Company) was established during the month of October 2023.

29. Subsequent events

There have been no material subsequent events since the year ended December 31, 2023 until the date of preparing these consolidated financial statements that may require disclosure or have a material impact on the consolidated financial statements.

30. Approval of the consolidated financial statements

The consolidated financial statements for the year ending December 31, 2023, were approved by the Group's board of directors on Sha'ban 29, 1445H (corresponding to March 10, 2024).