

**SAUDI ADVANCED INDUSTRIES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
**WITH INDEPENDENT AUDITOR'S REPORT**



**SAUDI ADVANCED INDUSTRIES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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# PKF

**Ibrahim Ahmed Al-Bassam & Co.**  
Certified Public Accountants  
(Member of PKF International)

## INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SAUDI ADVANCED INDUSTRIES COMPANY  
(SAUDI JOINT STOCK COMPANY)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Saudi Advanced Industries Company (the "Company") as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

We have audited the financial statements of the company, which comprise of the following:

- The statement of financial position as at 31 December 2022;
- The statement of profit or loss and comprehensive income for the year then ended;
- The statement of changes in equity for the year then ended;
- The statement of cash flows for the year then ended, and;
- The notes to the financial statements, including a summary of significant accounting policies.

#### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent from the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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**INDEPENDENT AUDITOR'S REPORT**

**TO THE SHAREHOLDERS OF SAUDI ADVANCED INDUSTRIES COMPANY  
(SAUDI JOINT STOCK COMPANY)**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**KEY AUDIT MATTERS (CONTINUED)**

Key Audit Matters	How our audit addressed the key audit matter
<b>Impairment assessment of equity- accounted investees (Deutsche Gulf Finance Company)</b>	
<p>At 31 December 2022, the Company had an investment in Deutsche Gulf Finance Company amounting to Saudi Riyals 285,515,138.</p> <p>In accordance with the International Accounting Standard "Impairment of assets" (IAS 36), an entity is required to perform impairment reviews for non-financial assets whenever there is an identified trigger for impairment.</p> <p>Based on such data, management carried out an impairment assessment in respect of each of these investments by determining a recoverable amount based on fair value less costs of disposals (Deutsche Gulf Finance Company) using discounted cash flow model, which utilized the most recent business plans prepared by their management. The outcome of this assessment as at 31 December 2022 did not result in any impairment loss to be recognized.</p> <p>We considered impairment testing of equity-accounted investees performed by management as a key audit matter since the assessment of the recoverable amount under the value in use and fair value less costs of disposals basis require considerable judgment around use of estimates on the part of management. Refer to Note 4 for the accounting policies, Note 5 for the significant estimate significant judgements</p>	<p>We assessed management's impairment assessment of equity-accounted investees by performing the following procedures:</p> <ul style="list-style-type: none"> <li>▀ Assessed the methodology used by management to determine the recoverable value and compared it to that required by IAS 36;</li> <li>▀ We tested the arithmetical accuracy of the models used and of the underlying calculations;</li> <li>▀ Tested the reasonableness of the cash flow projections by comparison to historical results and underlying assumptions (revenue growth and EBITDA margin) supporting the growth in forecasted cash flows;</li> <li>▀ Engaged our internal valuation experts to assist in the review of the valuation models and use of certain assumptions including discount rates and long term growth rates; and</li> </ul> <p>We also reviewed the adequacy of the disclosures included in the notes to the accompanying financial statements.</p>



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**INDEPENDENT AUDITOR'S REPORT**

**TO THE SHAREHOLDERS OF SAUDI ADVANCED INDUSTRIES COMPANY  
(SAUDI JOINT STOCK COMPANY)**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**KEY AUDIT MATTERS (CONTINUED)**

**Valuation of financial assets at fair value through profit or loss which are not traded in an active market**

Financial assets at fair value through profit or loss include a portfolio of equity instruments. These instruments are measured at fair value and the changes in fair value are recognized in profit or loss.

While the majority of the fair values of the company's investments were directly obtained from active markets as at 31 December 2022, the company held an amount of SR 208,114,197 of unquoted investments. The fair value of these investments is determined through the application of valuation techniques which often involve the exercise of judgment by management and the use of assumptions and estimates.

Estimation uncertainty exists for those not traded investments in an active market, and where the internal modeling techniques used:

Significant un-observable valuation inputs (ie Level 3 investments).

Estimation uncertainty is considered high for Level 3 investments.

In the Company's accounting policies, management has described the key sources of estimation involved in determining the valuation of Level 3 investments. The cost price has been endorsed due to the discounted cash flow approach or comparable entity data may result in a fair value that cannot be relied upon. The valuation of the Company's investments held as fair value through profit or loss in the Level 3 category is considered a key audit matter given the degree of complexity involved in valuating these investments and the significance of the judgments and estimates made by the management.

Refer to the summary of significant accounting policies, note No. (4) and note (5) which explains the critical judgments and estimates for fair value measurement.

We reviewed the methodology and assessed the appropriateness of valuation models and inputs used by the management to value the financial assets at fair value through profit or loss through involving our valuation experts.

We also tested the valuation of the investments which are not traded in an active market and held at fair value through profit or loss. As part of these audit procedures, we assessed key inputs used in the valuation, such as comparable entities data and liquidity discounts, by benchmarking them with external data to verify that there is no impairment of investments and the cost price adopted due to, the approach of comparable entities data or discounted cash flows may result in a fair value that cannot be relied upon.

We performed the following procedures:

- We obtained the management valuation and assessed the key inputs used in the valuation.
- Involved our valuation experts to perform an independent valuation and use specific assumptions.

We have assessed the adequacy of the related disclosures included in the financial statements



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## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF SAUDI ADVANCED INDUSTRIES COMPANY (SAUDI JOINT STOCK COMPANY)

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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##### OTHER INFORMATION

Other information consists of the information included in the Company's 2022 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance. We have nothing to report in this regard.

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#### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the SOCPA and Regulations for Companies and the Company's By Laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Company financial reporting process.

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# PKF

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## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF SAUDI ADVANCED INDUSTRIES COMPANY (SAUDI JOINT STOCK COMPANY)

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 Company'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 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 Company's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Certified Public Accountants  
(Member of PKF International)

## INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF Saudi Advanced Industries Company  
(Saudi Joint Stock Company)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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, with relevant safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Al-Bassam & Co.

Ibrahim A. Al Bassam  
Certified Public Accountant  
License No. 337  
Riyadh: 8 Ramadhan 1444H  
Corresponding to: 30 March 2023



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**SAUDI ADVANCED INDUSTRIES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**  
(All amounts are in Saudi riyals unless otherwise mentioned)

	<u>Note</u>	<u>31 December 2022</u>	<u>31 December 2021 (Amended note 27)</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment and intangible, net	6	399,686	365,075
Investments in associates companies	7	531,860,667	475,266,506
Financial assets at FVOCI	8	121,280,020	250,795,293
Financial assets at FVPL	9	199,705,033	188,689,970
Other financial assets		1,758,169	1,976,625
<b>Total non-current assets</b>		<b>855,003,575</b>	<b>917,093,575</b>
<b>Current assets</b>			
Cash and cash equivalents	11	45,099,243	23,780,237
Financial assets at fair value through profit or loss	9	8,409,164	-
Prepayments and other current assets	10	601,499	262,385
<b>Total current assets</b>		<b>54,109,906</b>	<b>24,042,622</b>
<b>Total assets</b>		<b>909,113,481</b>	<b>941,136,091</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	500,000,000	500,000,000
Statutory reserve	13	150,000,000	150,000,000
General reserve	14	34,331,892	34,331,892
Retained earnings		243,143,182	181,057,715
Actuarial reserve		(917,613)	(876,347)
Fair value reserve	8	(25,373,881)	69,366,807
<b>Total equity</b>		<b>901,183,580</b>	<b>933,880,067</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employees' end of service benefits	16-2	1,517,549	2,375,616
<b>Total non-current liabilities</b>		<b>1,517,549</b>	<b>2,375,616</b>
<b>Current liabilities</b>			
Accrued expenses and other current payables	17	4,187,212	4,730,408
Zakat provision	19	2,225,140	150,000
<b>Total current liabilities</b>		<b>6,412,352</b>	<b>4,880,408</b>
<b>Total liabilities</b>		<b>7,929,901</b>	<b>7,256,024</b>
<b>Total equity and liabilities</b>		<b>909,113,481</b>	<b>941,136,091</b>



Muhannad Mustafa Al-Ashqar  
Chief Financial Officer



Abdullah Suliman AlJuraish  
Managing director



Abdullah Mohammed AlHomaidi  
Chairman of Board of Directors

**SAUDI ADVANCED INDUSTRIES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
(All amounts are in Saudi riyals unless otherwise mentioned)

	Note	31 December 2022	31 December 2021
Revenues	20	<b>116,047,600</b>	101,475,095
<b>Gross income</b>		<b>116,047,600</b>	101,475,095
General and administrative expenses	21	<b>(13,342,558)</b>	(8,895,670)
<b>Operating Income</b>		<b>102,705,042</b>	92,579,425
Finance costs		<b>(381,262)</b>	-
Other income		<b>9,394</b>	60,755
<b>Net income before zakat</b>		<b>102,333,174</b>	92,640,180
Zakat	19	<b>(2,125,803)</b>	(1,507,114)
<b>Net income for the year</b>		<b>100,207,371</b>	91,133,066
<b><u>Other comprehensive income:</u></b>			
<b>Items that will not be subsequently reclassified to profit or loss:</b>			
Net change in financial assets at FVOCI	8	<b>(90,724,111)</b>	19,519,011
Share of other comprehensive (loss) / income of investment in an associates companies	7	<b>(4,638,481)</b>	160,292
Actuarial losses	16-2	<b>(41,266)</b>	(130,969)
<b>Total comprehensive income</b>		<b>4,803,513</b>	110,681,400
<b><u>Basic and diluted earnings per share</u></b>			
<b>Earnings per share from operating income</b>	22	<b>2.05</b>	1.85
<b>Earnings per share from net income</b>	22	<b>2.00</b>	1.82



Muhannad Mustafa Al-Ashqar  
Chief Financial Officer



Abdullah Suliman AlJuraish  
Managing director



Abdullah Mohammed AlHomaidi  
Chairman of Board of Directors

**SAUDI ADVANCED INDUSTRIES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

(All amounts are in Saudi riyals unless otherwise mentioned)

Note	Share capital	Statutory reserve	General reserve	Retained earnings	Actuarial reserve	Fair value reserve	Total
Balance as at 1 January 2021 (Before amendment)	500,000,000	150,000,000	34,331,892	106,062,684	(745,378)	50,105,775	839,754,973
Previous years adjustments	-	-	-	(4,056,306)	-	-	(4,056,306)
Balance as at 1 January 2021 (After amendment)	500,000,000	150,000,000	34,331,892	102,006,378	(745,378)	50,105,775	835,698,667
Net income for the year	-	-	-	91,133,066	-	-	91,133,066
Share of other comprehensive income of investment in associates companies	-	-	-	160,292	-	-	160,292
Transferred from fair value reserve as result of disposal assets at FVOCI	-	-	-	257,979	-	(257,979)	-
comprehensive income	-	-	-	-	(130,969)	19,519,011	19,388,042
16							
Total comprehensive income for the year	-	-	-	91,551,337	(130,969)	19,261,032	110,681,400
Dividends	-	-	-	(12,500,000)	-	-	(12,500,000)
<b>Balance as at 31 December 2021</b>	<b>500,000,000</b>	<b>150,000,000</b>	<b>34,331,892</b>	<b>181,057,715</b>	<b>(876,347)</b>	<b>69,366,807</b>	<b>933,880,067</b>
Net income for the year	-	-	-	100,207,371	-	-	100,207,371
Share of other comprehensive income of investment in associates companies	-	-	-	(4,638,481)	-	-	(4,638,481)
7							
Realized gain (losses) from disposal of financial assets at FVOCI	-	-	-	4,016,577	-	(4,016,577)	-
Other comprehensive (loss) \ income	-	-	-	-	(41,266)	(90,724,111)	(90,765,377)
16							
Total comprehensive income for the year	-	-	-	99,585,467	(41,266)	(94,740,688)	4,803,513
Dividends	-	-	-	(37,500,000)	-	-	(37,500,000)
15							
<b>Balance as at 31 December 2022</b>	<b>500,000,000</b>	<b>150,000,000</b>	<b>34,331,892</b>	<b>243,143,182</b>	<b>(917,613)</b>	<b>(25,373,881)</b>	<b>901,183,580</b>

Muhammad Mustafa Al-Ashqar  
Chief Financial Officer

Abdullah Sulaiman AlJuraish  
Managing director

Abdullah Mohammed AlHomaidi  
Chairman of Board of Directors

**SAUDI ADVANCED INDUSTRIES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
(All amounts are in Saudi riyals unless otherwise mentioned)


	Note	31 December 2022	31 December 2021
<b>Cash flows from operating activities:</b>			
Net Income for the year before zakat		102,333,174	92,640,180
<b>Adjustments to reconcile net Income before zakat to net cash from operating activities:</b>			
Depreciation of property and equipment and intangible	6	132,942	180,360
Provision for end of service benefits	16-2	294,854	269,575
Unrealized gain on financial assets at FVPL		(10,689,072)	(316,902)
Realized gain from financial assets at FVOCI		-	(257,979)
Share of profit in an associates companies	7	(94,069,006)	(90,883,250)
Capital gains/ (losses)		(2,118)	659
		<u>(1,999,226)</u>	<u>1,632,643</u>
<b>Changes in working capital items</b>			
Other Financial assets		218,456	-
Prepayments and other debt balances		(339,114)	208,343
Accrued expenses and payables		(543,196)	72,100
<b>Cash generated from operating activities</b>		<u>(2,663,080)</u>	<u>1,913,086</u>
Employees' end of service benefits paid	16-2	(1,194,187)	(226,064)
Zakat paid	18	(50,663)	(3,976,084)
<b>Net cash used in operating activities</b>		<u>(3,907,930)</u>	<u>(2,289,062)</u>
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment	6	(171,029)	(81,718)
<i>Receipts from the sale of property and equipment</i>		5,597	-
Dividends from investments at the associates companies	7	32,836,364	18,690,909
Purchase of financial assets at FVOCI		(12,971,000)	(2,038,375)
Proceed from the sale of financial assets at FVOCI		51,762,159	16,996,076
Purchase of financial assets at FVPL		(10,659,691)	(1,352,507)
Proceeds from the sale of financial assets at FVPL		1,924,536	1,669,409
<b>Net cash generated from investing activities</b>		<u>62,726,936</u>	<u>33,883,794</u>
<b>Cash flows from financing activities:</b>			
Proceeds from loans and facilities	12	25,000,000	-
Repayment of loans and facilities	12	(25,000,000)	-
Dividends Paid	15	(37,500,000)	(12,500,000)
<b>Net cash used in financing activities</b>		<u>(37,500,000)</u>	<u>(12,500,000)</u>
<b>Net change in cash and cash equivalents</b>		<u>21,319,006</u>	<u>19,094,732</u>
Cash and cash equivalent at the beginning of the year		<u>23,780,237</u>	<u>4,685,505</u>
<b>Cash and cash equivalents at the end of the year</b>		<u>45,099,243</u>	<u>23,780,237</u>

**Non-cash transactions**

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Muhannad Mustafa Al-Ashqar  
Chief Financial Officer

  
Abdullah Suliman AlJuraish  
Managing director

  
Abdullah Mohammed AlHomaidi  
Chairman of Board of Directors

**SAUDI ADVANCED INDUSTRIES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

(All amounts are in Saudi riyals unless otherwise mentioned)

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**1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

Saudi Advanced Industries Company (“the Company”) is a Saudi joint-stock company registered in the Kingdom of Saudi Arabia with Commercial Registration No. 1010068321 issued in Riyadh on Jumada Al-Awwal 24, 1408H, corresponding to 13 January 1988G.

The principal activity of the Company in Management of subsidiaries of holding companies, Investing the funds of the subsidiaries of the holding companies.

The headquarters of the Company is located at the following address:  
Riyadh / Al-Narjis district - -Takhasusi Street with Othman bin Affan Road  
P.O. Box 51743  
Riyadh 11553  
Saudi Arabia

**2. BASIS OF PREPARATION**

**a) Statement of compliance**

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

**b) Basis of measurement**

These financial statements have been prepared in under the historical cost method, except in cases where international financial reporting standards require another basis for measurement as disclosed in the accounting policies in note No. (4) of the notes about the accompanying financial statements.

**c) Functional and presentation currency**

These financial statements are presented in Saudi Riyals, which is the Company’s functional and presentation currency.

**d) Use of estimates and assumptions**

In preparing the financial statements in accordance with International Financial Reporting Standards requires the use of significant accounting estimates. It also requires the management has made judgments when the application of the Company's accounting policies to disclose accounts that require a high degree of judgment or complexity or areas in which assumptions and estimates are material to the financial statements.

In particular, information about significant matters regarding the estimation of uncertainty in the application of accounting policies that have a significant effect on the amounts recognized in the financial statements, note (5).

**SAUDI ADVANCED INDUSTRIES COMPANY**  
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**3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS**

Amendments

A number of new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Company's Financial Statements, except for where referenced below.

New amendments to standards issued and applied effective in year 2021

<b>Amendments to standard</b>	<b>Description</b>	<b>Effective for annual years beginning on or after</b>	<b>Summary of the amendment</b>
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract. These amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.
IFRS 16, IFRS 9, IAS 41 and IFRS 1	Annual Improvements to IFRS Standards 2018–2020	January 1, 2022	IFRS 16: The amendment removes the illustration of the reimbursement of leasehold improvements IFRS 9: The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment is to be applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. IAS 41: The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. IFRS 1: The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation difference.
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. Additionally, the amendments also clarify the meaning of 'testing whether an asset is functioning properly'.
IFRS 3	Reference to the Conceptual Framework	January 1, 2022	The amendment as a whole updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.

**3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (CONTINUED)**

**3.1 New standards, amendments and revised IFRS issued but not yet effective**

The Company has not applied the following new and revised IFRSs and amendments to IFRS that have been issued but are not yet effective.

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 17	Insurance Contracts	January 1, 2023	This is comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005.
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of a liability would not impact its classification.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements
IAS 8	Amendment to definition of accounting estimate	January 1, 2023	This amendments regarding the definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Income taxes	January 1, 2023	This amendment deals with clarification regarding accounting of deferred tax on transactions such as leases and decommissioning obligations
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary.

Management anticipates that these new standards interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

#### 4. SIGNIFICANT ACCOUNTING POLICIES

##### **4-1 Classification of assets and liabilities as current or non-current**

###### **Current versus non-current classification**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle; or
- Held primarily for the purpose of trading; or
- 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.

All other assets are classified as non-current.

A liability is current when:

- Expected to be settled in the normal operating cycle; or
- Held primarily for the purpose of trading; or
- 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 Company classifies all other liabilities as non-current.

Tax assets and liabilities are classified as non-current assets and liabilities.

##### **4-2 Financial instruments**

The financial instrument represents contracts that give rise to financial assets of one entity and financial liabilities or equity instruments of another entity.

###### **4-2-1 Financial assets**

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost (AC), fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL). The Company classifies its financial assets generally based on the business model in which a financial asset is managed and its contractual cash flows.

###### *(i) Financial assets at amortized cost*

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

###### *Business model assessment*

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

###### *(ii) Financial assets at fair value through OCI (FVOCI)*

###### *Debt Instruments*

A debt instrument is measured at FVOCI only if it meets both of the following conditions and it is not designated as at FVPL

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and the interest on the principal amount outstanding.



4. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4-2 Financial instruments (continued)**

**4-2-1 Financial assets (continued)**

*Equity instruments*

On the initial recognition, for an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

(iii) *Financial assets at fair value through profit or loss (FVPL)*

All other financial assets are classified as measured at FVPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Financial assets that are held for trading, if any, and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss (FVPL) because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

**Impairment of financial assets**

IFRS 9 requires the Company to recognize an expected credit loss allowance for all loans and other financial receivables not held at fair value. The company does not have commercial receivables, and for other financial assets such as employees' receivables and balances with banks, it has low credit risk and therefore the effect of applying expected credit losses is not significant.

**Derecognition**

The Company derecognizes a financial asset (or part of the financial asset or part of a company of similar financial assets) when:

The contractual rights to receive cash flows from the financial asset has expired, or

The Company has transferred its rights to receive cash flows out of an asset or incurs an obligation to pay fully received cash flows without substantial delay to a third party under a "passage" agreement, or (a) the Company transfers all risks and benefits of the asset or (b) the Company fails to transfer or retaining all risks and rewards of the asset, but transfers control of the asset.

When the Company transfers its rights to receive cash flows from an asset or enters into a passage arrangement, it evaluates whether, and to what extent, it has retained the risks and benefits associated with ownership and has not transferred or retained substantially all of the risks and benefits associated with the asset and has not transferred its control over the asset, The Company continues to recognize the transferred asset to the extent that the Company's relationship with it continues. In that case, the Company continues to also recognize the liabilities related to the asset. The associated liability and the transferred asset are measured on a basis that reflects the rights and liabilities that the Company has retained.

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

**4-2-2 Financial liabilities**

The Company classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the Effective Interest Rate (EIR).

**Derecognition**

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

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4-2 Financial instruments(continued)

##### 4-2-3 Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when the Company currently has a legally enforceable right to offset the recognized amounts and its intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

##### 4-3 Investment in associates companies

An associates companies is an entity in which the investing company has significant influence. The significant influence is the ability to participate in the financial and operating policy decisions of the investee, but it is not control or joint control over those policies.

Accounting for associates is accounted for using the equity method, under the equity method. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of profit or loss of the investee after the date of acquisition. The goodwill related to the associate is added to the carrying amount of the investment and it is not amortized or examined on an individual basis for impairment.

The income statement reflects the company's share of the associate's operating results. In the event that there is a change that has been recorded directly in the equity of the associate, then the company shall record its share of any changes and disclose them - as the case may be - in the statement of other comprehensive income.

The financial statements of the associate are prepared for the same period for which the financial statements of the investing company are prepared. When necessary, adjustments are made to match the accounting policies with the accounting policies of the investing company.

When the company's share in the associate's losses equals or exceeds its share in the same associate company, including any other unsecured receivables, the company does not recognize any additional losses, unless the company is legally or implicitly obligated to pay amounts on behalf of the associate. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investments,

The company determines at each financial reporting date whether there is any objective evidence of impairment of the investment in the associate. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent in the statement of profit or loss.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal are recognized in the statement of profit or loss.

##### 4-4 Property and equipment

Property and equipment are recognized initially at the cost of acquisition, including any costs directly attributable to bringing the assets to a working condition for their intended use. These assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses if any.

When the major components of items of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### **4-4 Property and equipment**

Depreciation is charged to the statement of profit or loss and using the straight-line method to allocate the costs of the related assets less the residual values over the following estimated economic useful lives:

<b><u>Category</u></b>	<b><u>Percentage</u></b>
Cars	25%
Office furniture	15%
Office equipment	15%
Computers	33,3%
Improvements on leased buildings	15% or lease period which is less

##### **Impairment**

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell, and their value in use.

The cash-generating unit (CGU) at which the impairment assessment and testing are performed, is defined as the smallest identifiable company of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

##### **Capital work-in-progress**

Assets in the course of construction or development are capitalized in the capital work-in-progress ("CWIP") account. The asset under construction or development is transferred to the appropriate category in property and equipment or intangible assets (depending on the nature of the project), once the asset is in a location and/or condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of capital work in progress comprises its purchase price, construction/development cost, and any other directly attributable to the construction or acquisition of an item of CWIP intended by management. Costs associated with testing the items of CWIP (prior to its being available for use) are capitalized net of proceeds from the sale of any product during the testing period. Capital work-in-progress is not depreciated or amortized.

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

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

Any item of property and equipment and any significant part initially recognized or derecognized upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized. The carrying amount of the asset is reduced immediately to its recoverable value in the event that the carrying amount of the asset exceeds its estimated recoverable value.

##### **4-5 Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with the bank, with maturity of three months or less from the date of acquisition that are readily convertible to known amount of cash and subject to insignificant risk of changes in value and are available for use by the company.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4-6 Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of financial liability or financial asset. The Company's ordinary shares and treasury shares are classified as equity instruments.

##### 4-7 Employees benefits

###### 4-7-1 Short term obligation

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that is expected to be settled wholly within 12 months after the end of the year in which the employees render the related service is recognized in respect of employees' services up to the end of the reporting year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations within accruals in the statement of financial position.

###### 4-7-2 Other obligations related to long-term employees benefits

The liability or asset is recognized in the statement of financial position in respect of defined benefit. EOSB plan is the present value of the defined benefit obligation at the end of the reporting year. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

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

Defined benefit costs are categorized as follows:

###### Service cost

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

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss as past service costs.

###### Interest cost

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

###### Re-measurement gains or losses

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

##### 4-8 Provisions

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

##### 4-9 Contingent liabilities

Previous events whose existence will be confirmed only by the occurrence or absence of a single event all contingent liabilities arising from one or more of the uncertain future events that are not fully controlled by the company, or all of the current liabilities arising from previous events but not established for the following reasons: -

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### **4-9 Contingent liabilities (continued)**

(1) There is no possibility that an outflow of resources embedded in the economic benefits will be required to settle the obligation.

(2) It is not possible to measure the amount of the obligation with sufficient reliability, as all of them must be evaluated at the date of each statement of financial position and disclosed on the company's financial statements are among the potential liabilities.

##### **4-10 Revenue recognition**

###### **Step 1: Define the contract with the customer**

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets standards for each contract that must be fulfilled.

###### **Step 2: Determine performance obligations**

A performance obligation is a promise in a service contract to a customer.

###### **Step 3: Determine the transaction price**

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for promised services to a client, excluding amounts collected on behalf of third parties.

###### **Step 4: Allocate the transaction price**

For a contract that contains more than one performance obligation, the Company allocates the transaction price to each performance obligation at an amount that shows the amount of consideration that the Company expects to be entitled in exchange for fulfilling each performance obligation.

###### **Step 5: Recognize the revenue**

The company recognizes revenue when (or when) it fulfils the performance obligation by transferring the promised service to the customer under the contract.

###### **Share of net profit of associate**

Share of net profit of associate is recognized using the equity method.

###### **Dividend**

Dividend income from investments at fair value is recognized when the company's right to receive such dividends is established, and this right is generally when the approval of those responsible for making the decision to distribute the dividends is established.

##### **4-11 Expenses**

All expenses, including general and administrative expenses and other expenses, are recognized and included in the profit or loss in the fiscal year in which those expenses were realized.

##### **4-12 Zakat**

The Company is subject to Zakat in accordance with regulations of the zakat, tax and customs authority (ZTCA). Zakat is accrued and charged to income currently. Additional zakat liability, if any, related to prior years' assessment arising from ZTCA are accounted for in the period in which the final assessment is finalized.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### **4-13 Basic and diluted earnings per share**

###### Basic earnings / (loss) per share

Basic earnings per share are calculated by dividing:

- the profit / (loss) attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial period.

###### Diluted earnings / (loss) per share

Diluted earnings/ (loss) per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

##### **4-14 Segment reporting**

###### **4-14-1 Operating segment**

The operating sector is one of the components of the Company that carries out activities from which it may generate revenues and incur expenses for it, including revenues and expenses related to transactions with any of the Company's other segments. All segment results are evaluated periodically by the operational decision-maker for decision-making so that decisions are taken and the performance of the resources allocated to each segment is assessed and the financial information available separately

Segment results that are reported to the operating decision-maker include items that refer directly to the segment in addition to those that can be allocated on an appropriate basis.

The Company has five operating segments in the Kingdom of Saudi Arabia, (petrochemicals - glass industry - industrial services "energy and service facilities" - financial services and investments "banks and financial services" - other segments). The segments reached the quantitative limits referred to in the operational segment standard in the International Financial Reporting Standard No. (8). Accordingly, reports on the operating segments were disclosed in the accompanying financial statements.

###### **4-14-2 Geographical segment**

A geographical segment is a company of assets, operations, or entities engaged in revenue-producing within activities of a particular economic environment that are subject to risks and returns different from those operating in other economic environments. All segments of the company are headquartered in the Kingdom of Saudi Arabia.

##### **4-15 Cash dividends and non-cash dividends to shareholders**

Dividends are recognized as liabilities when the distribution is authorized and the distribution is no longer at the decision of the Company. In accordance with the Companies Law in the Kingdom of Saudi Arabia, a distribution is authorized when it is approved by the shareholders. A corresponding amount is deducted directly from equity and recognized as a liability.

#### 5. CRITICAL JUDGMENTS AND ESTIMATES

The preparation of financial statements requires management to use estimates, judgments and assumptions that affect the application of policies and values of assets, liabilities, revenues and expenses, associated disclosures and disclosure of contingent liabilities. Estimates and assumptions are reviewed on an ongoing basis. Differences resulting from the revision of accounting estimates are included in the revision period and the future periods affected by them. Uncertainty about these assumptions and estimates could result in a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

## 5. CRITICAL JUDGMENTS AND ESTIMATES (CONTINUED)

### 1-5 judgments

#### Going Concern

The Company's management has made an assessment of Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on Company's ability to continue as a going concern.

#### 2-5 Estimates and assumptions

##### Economic useful life's of property and equipment and intangible

The company periodically reviews the estimated useful lives and depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

##### Estimation defined benefit obligations

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

##### Zakat provision

In estimating the current zakat due by the company, the management takes into account the applicable law and the decisions/rulings of the Zakat, Tax and Customs Authority on previous issues.

##### Impairment of non-financial assets

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

A provision for impairment of financial assets is established when there is objective evidence that the company will not be able to collect all amounts due in accordance with the original terms of the agreement. For significant individual amounts, an assessment is made on an individual basis. Amounts that are not individually significant, but which are past due, are assessed collectively and a provision is made taking into account the length of time according to previous recovery rates.

##### Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (when active market prices are not available). This includes making estimates and assumptions that are consistent with how market participants price the instrument. Management bases its assumption on observable lists as much as possible but this is not always available. In that case, management uses the best available information. The estimated fair values may differ from the actual prices that would be achieved in an arm's length transaction at the reporting date.

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**6. PROPERTY AND EQUIPMENT AND INTANGIBLE, NET**

	For the year ended 31 December 2022					
	Cars	Office furniture	Office equipment	Computers and software	Improvements on leased buildings	Total
<b>Cost:</b>						
Beginning of the year	97,125	191,138	110,471	208,597	508,023	1,115,354
Additions	-	38,609	4,543	120,862	7,015	171,029
Disposals	-	-	(20,833)	(26,862)	-	(47,695)
<b>At the end of the year</b>	<b>97,125</b>	<b>229,747</b>	<b>94,181</b>	<b>302,597</b>	<b>515,038</b>	<b>1,238,688</b>
<b>Accumulated depreciation</b>						
Beginning of the year	97,124	121,293	80,393	164,825	286,644	750,279
Charged for the year	-	20,651	9,622	39,875	62,794	132,942
Disposals	-	-	(20,109)	(24,110)	-	(44,219)
<b>At the end of the year</b>	<b>97,124</b>	<b>141,944</b>	<b>69,906</b>	<b>180,590</b>	<b>349,438</b>	<b>839,002</b>
<b>Net carrying value</b>	<b>1</b>	<b>87,803</b>	<b>24,275</b>	<b>122,007</b>	<b>165,600</b>	<b>399,686</b>
	For the year ended 31 December 2021					
	Cars	Office furniture	Office equipment	Computers and software	Improvements on leased buildings	Total
<b>Cost:</b>						
Beginning of the year	97,125	156,686	107,367	179,865	496,093	1,037,136
Additions	-	37,952	3,104	28,732	11,930	81,718
Disposals	-	(3,500)	-	-	-	(3,500)
<b>At the end of the year</b>	<b>97,125</b>	<b>191,138</b>	<b>110,471</b>	<b>208,597</b>	<b>508,023</b>	<b>1,115,354</b>
<b>Accumulated depreciation</b>						
Beginning of the year	72,911	100,820	69,601	118,018	211,410	572,760
Charged for the year	24,213	23,314	10,792	46,807	75,234	180,360
Disposals	-	(2,841)	-	-	-	(2,841)
<b>At the end of the year</b>	<b>97,124</b>	<b>121,293</b>	<b>80,393</b>	<b>164,825</b>	<b>286,644</b>	<b>750,279</b>
<b>Net carrying value</b>	<b>1</b>	<b>69,845</b>	<b>30,078</b>	<b>43,772</b>	<b>221,379</b>	<b>365,075</b>



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**7. INVESTMENTS AT THE ASSOCIATES COMPANIES**

The following is the movement in associates for the year ended 31 December:

	<b>31 December 2022</b>	31 December 2021
Balance at the beginning of the year (before adjustments)	<b>475,266,506</b>	406,970,179
previous years adjustments	-	(4,056,306)
Balance at the beginning of the year (after adjustments)	<b>475,266,506</b>	402,913,873
Dividend	<b>(32,836,364)</b>	(18,690,909)
The share of results of associates	<b>94,069,006</b>	90,883,250
share in other comprehensive income	<b>(4,638,481)</b>	160,292
Balance at the end of the year	<b>531,860,667</b>	475,266,506

Investments in associate amounted to the following:

Name	31 December 2022			31 December 2021		
	Ownership %	No. of share	amount	Ownership %	No. of share	amount
Deutsche Gulf Finance Obeikan	<b>31,62%</b>	<b>18,181,818</b>	<b>258,515,138</b>	31.62%	18,181,818	276,141,591
Glass Company	<b>40%</b>	<b>9,600,000</b>	<b>246,345,529</b>	40%	9,600,000	199,124,915
			<b>531,860,667</b>			475,266,506

The following is a summary of the financial information for investments using the equity method:

The summarized financial information below represents the amounts disclosed in the financial statements of equity-accounted investees prepared in accordance with International Financial Reporting Standards.

	<b>Obeikan Glass Company</b>	<b>Deutsche Gulf Finance</b>
Total assets	<b>684,048,242</b>	<b>2,337,787,031</b>
total liabilities	<b>(148,183,576)</b>	<b>(1,589,548,330)</b>
<b>Equity</b>	<b>535,864,666</b>	<b>748,238,701</b>
Shares of Saudi Advanced Industries Company	<b>214,345,866</b>	<b>236,593,077</b>
Book value	<b>246,345,529</b>	<b>285,515,138</b>
Revenue	<b>256,195,414</b>	<b>222,133,744</b>
Net Income	<b>177,647,740</b>	<b>72,770,114</b>
Other Comprehensive income	<b>(11,596,204)</b>	-
<b>Share of total comprehensive income (before adjustments)</b>	<b>66,420,614</b>	<b>23,009,910</b>
Adjustments for previous years (Note 27)	-	<b>(4,056,306)</b>
<b>Share of total comprehensive income (after adjustments)</b>	<b>66,420,614</b>	<b>18,953,604</b>
	<b>Obeikan Glass Company</b>	<b>Deutsche Gulf Finance</b>
Total assets	730,919,943	2,574,329,279
total liabilities	(313,106,813)	(1,851,782,472)
<b>Equity</b>	417,813,130	722,546,807
Shares of Saudi Advanced Industries Company	167,125,252	228,469,300
Book value	199,124,915	280,197,897
Revenue	463,236,025	223,079,527
Net Income	173,681,580	67,712,265
Other Comprehensive income	401,573	-
<b>Share of total comprehensive income</b>	<b>69,633,261</b>	<b>21,410,618</b>

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**7. INVESTMENTS AT THE ASSOCIATES COMPANIES (CONTINUED)**

The shares of the Obeikan Glass Company were listed and started trading in Nomu - the parallel market, as of Monday 6 Rajab 1443 AH corresponding to February 7, 2022 AD, as a direct listing, at an indicative price of 68 riyals per share, noting that the total cost of the Saudi Advanced Industries share in the Obeikan Glass Company amounts to 128 million riyals. On December 31, 2022, the fair value of the company's ownership stake in Obeikan Glass Company, according to trading prices, amounted to 850,560,000 Saudi riyals.

During the year ending on December 31, 2022 AD, Deutsche Gulf Finance Company, in which the Saudi Advanced Industries Company owns 31.62% of the capital, obtained the preliminary approval of the Central Bank of Saudi Arabia to offer the company in the main financial market. Note that this approval is conditional on the company obtaining the final non-objection of the Central Bank of Saudi Arabia and the necessary approvals from the concerned authorities.

**8. FINANCIAL ASSETS AT FVOCI**

Financial assets amounted to as follows:

**31 December 2022**

	<b>Cost</b>	<b>Market value</b>
Yanbu National Petrochemical (YANSAB)	<b>70,980,000</b>	<b>83,200,000</b>
Capital investment portfolio	<b>64,814,272</b>	<b>35,663,729</b>
Derayah Global Venture Capital Fund	<b>226,940</b>	<b>227,302</b>
Graphene Venture Fund	<b>823,189</b>	<b>881,491</b>
Hala Ventures Fund	<b>1,129,500</b>	<b>1,307,498</b>
AGC Obeikan Glass*	<b>8,680,000</b>	<b>-</b>
	<b>146,653,901</b>	<b>121,280,020</b>

**31 December 2021**

	<b>Cost</b>	<b>Market value</b>
Yanbu National Petrochemical (YANSAB)	116,039,941	224,612,795
Capital investment portfolio	54,693,230	23,782,113
Derayah Global Venture Capital Fund	226,940	226,940
Graphene Venture Fund	658,875	750,702
Hala Ventures Fund	1,129,500	1,422,743
AGC Obeikan Glass*	8,680,000	-
	181,428,486	250,795,293

The movement in FVOCI is as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Cost as at 1 January	<b>190,108,486</b>	204,550,229
Additions	<b>12,971,000</b>	2,015,315
Disposals during the year	<b>(47,745,585)</b>	(16,457,058)
	<b>155,333,901</b>	190,108,486
Fair value reserve as at 1 January	<b>69,366,807</b>	50,105,775
Change in fair value reserve	<b>(90,724,111)</b>	16,395,284
Transfer from fair value reserve as a result of disposal of assets at FVOCI	<b>(4,016,577)</b>	2,865,748
Fair value reserve as at 31 December	<b>(25,373,881)</b>	69,366,807
Impairment losses provisions	<b>(8,680,000)</b>	(8,680,000)
Net carrying value	<b>121,280,020</b>	250,795,293

\* During the year 2018, the Board of Directors decided, and given that the company's losses exceeded 100% of the capital, to form a provision for impairment losses with the full amount of the investment within other comprehensive income, which was deducted from the general reserve.

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**9. FINANCIAL ASSETS AT FVPL**

<b>31 December 2022</b>	<b>No. shares</b>	<b>%</b>	<b>cost</b>	<b>Market value</b>
Industrialization and Energy Services Company (TAQA)	<b>16,874,997</b>	<b>2.35</b>	<b>168,749,970</b>	<b>180,453,233</b>
Arabian Industrial Fibers Company (Ibn Rushd) *	<b>1,249,354</b>	<b>0.62</b>	<b>12,493,540</b>	-
Alsalam Aerospace Industries Company	<b>162,000</b>	<b>10</b>	<b>19,940,000</b>	<b>19,251,799</b>
Almubark found	<b>314,053</b>	-	<b>7,000,000</b>	<b>7,021,036</b>
Alsaif stores gor development and investment Co	<b>13,797</b>	<b>0.039</b>	<b>1,586,655</b>	<b>1,248,629</b>
Saudi Aramco Base Oils- Luprev	<b>1,500</b>	<b>0.0009</b>	<b>148,500</b>	<b>139,500</b>
<b>Total</b>			<b>209,918,665</b>	<b>208,114,197</b>

<b>31 December 2021</b>	<b>No. shares</b>	<b>%</b>	<b>cost</b>	<b>Market value</b>
Industrialization and Energy Services Company (TAQA)	16,874,997	3.375	168,749,970	168,749,970
Arabian Industrial Fibers Company (Ibn Rushd)	1,249,354	0.62	12,493,540	-
Alsalam Aerospace Industries Company	162,000	10	19,940,000	19,940,000
<b>Total</b>			<b>201,183,510</b>	<b>188,689,970</b>

	<b>31 December 2022</b>	<b>31 December 2021</b>
Financial assets at FVPL – non-current	<b>199,705,033</b>	188,689,970
Financial assets at FVPL – current	<b>8,409,164</b>	-
	<b>208,114,197</b>	188,689,970

	<b>31 December 2022</b>	<b>31 December 2021</b>
Cost as at 1 January	<b>188,689,970</b>	188,689,970
Additions	<b>10,659,691</b>	1,352,507
Disposals during the year	<b>(2,272,713)</b>	(1,669,409)
Unrealized gains (losses)	<b>10,689,072</b>	-
Realized gains	<b>348,177</b>	316,902
	<b>208,114,197</b>	188,689,970

The shareholders decided in the extraordinary general assembly of the Arabian Industrial Fibers Company (Ibn Rushd) on December 31, 2017 to reduce the company's capital from 8.5 billion Saudi riyals to 2 billion Saudi riyals, as the share of the Advanced Industries Company from this reduction amounted to 40.7 million riyals. Saudi, so the investment will be 12,493,540 riyals as on December 31, 2022 (December 31, 2021: 12,493,540 Saudi riyals). In the previous period, the Company has fully recognized impairment losses in the value of the investment.

**10. PREPAYMENTS AND OTHER CURRENT ASSETS**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Prepaid expenses	<b>277,111</b>	248,682
Employees advances	<b>65,490</b>	3,477
Prepaid rents	<b>200,264</b>	
Other	<b>58,634</b>	10,226
	<b>601,499</b>	262,385

**11. CASH AND CASH EQUIVALENTS**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Cash at banks	<b>45,099,243</b>	23,780,237

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**12. CAPITAL**

The company's issued and paid capital amounted to SR 500 million consists of 50 million shares of equal value, each share value of SR 10.

**13. STATUTORY RESERVE**

In accordance with the Articles of Association and Saudi Arabian Regulations for Companies, the Company is required to transfer 10% of net income annually to the statutory reserve until such reserve equals 30% of the capital. As the reserve has reached this limit and there is no need for the further deduction, this reserve is not available for dividends distribution.

**14. GENERAL RESERVE**

This reserve was made based on the decision of the Ordinary General Assembly on May 15, 2018, with the aim of facing future investment or zakat losses, and authorizing the Board of Directors to transfer from the general reserve if it is established to face any investment or zakat losses, in accordance with what the Board deems in the interest of the company.

**15. DIVIDENDS**

On May 31, 2022, the General Assembly of Shareholders approved the recommendation of the Board of Directors on March 13, 2022, to distribute cash dividends in the amount of (37.5) million riyals to shareholders for the fiscal year ending on December 31, 2021, at a rate of 7.5% of the nominal value of the share, at 0.75 riyals per share. And that's for 50 million shares.

On Dhul Qidah 13, 1442 AH, corresponding to June 23, 2021 AD, the Extraordinary General Assembly decided to distribute dividends in the amount of 12.5 million Saudi riyals, at a value of 0.25 Saudi riyals per share.

**16. DEFINED EMPLOYEES' BENEFITS OBLIGATIONS**

Under the Saudi Arabian Labour Law, the end of service benefit is based on employee's compensation and accumulated period of service and is payable upon termination, resignation, or retirement.

The calculation of defined benefit obligations is performed as on 31 December 2022, 31 December 2021 by a qualified independent actuary using the projected unit credit method.

The liquidation of the end of service during the first quarter of 2022 includes the liquidation of the end of service for the resigned CEO.

The actuarial assumptions that have been relied upon in the computation of employee end of service benefits are as follows:

**16-1 Major actuarial assumptions**

	<u>31 December 2022</u>	<u>31 December 2021</u>
Discount rate	<b>4.90%</b>	<b>%1.90</b>
Salary increase rate (% annum)	<b>%8</b>	<b>%8</b>
Employees turnover rate (% annum)	<b>%15</b>	<b>%15</b>

**16-2 Movement in the present value of defined benefits obligations**

	<u>31 December 2022</u>	<u>31 December 2021</u>
Balance at the beginning of the year	<b>2,375,616</b>	2,201,136
Current service cost	<b>249,749</b>	238,781
Interest cost	<b>45,105</b>	30,794
	<b>294,854</b>	269,575
Paid during the year	<b>(1,194,187)</b>	(226,064)
Actuarial losses	<b>41,266</b>	130,969
	<b>1,517,549</b>	2,375,616

## 16. DEFINED EMPLOYEES' BENEFITS OBLIGATIONS (CONTINUED)

### 16-3 Sensitivity analysis on the present value of defined benefit obligation plans are as below:

Assumption	Change in assumption	Balance after change	
		31 December 2022	31 December 2021
Discount rate	+1%	1,468,770	2,247,987
	-1%	1,571,152	2,517,387
Salary increase rate	+1%	1,569,039	2,507,679
	-1%	1,469,685	2,253,779
Employees turnover rate	20+%	1,482,185	2,255,771
	20-%	1,563,821	2,527,879

The above sensitivity analysis is based on the change in one assumption while holding all other assumptions remain constant. In practice, this is unlikely to occur and changes in some assumptions may be correlated. When calculating the sensitivity of employees' end of service benefits to a significant actuarial assumption, the same method is (the present value of the employees' defined benefit obligation calculated on the basis of the projected unit credit method at the end of the reporting period) has been applied as when calculating the employees' end of service benefits recognized in the statement of financial position.

## 17. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2022	31 December 2021
Payments due to investment funds	1,758,169	1,976,625
Committees and BOD members fees and allowances (Note 23)	1,434,437	1,254,417
Accrued employees' salaries and benefits (Note23)	805,221	1,286,153
Other	189,385	213,213
	<b>4,187,212</b>	<b>4,730,408</b>

## 18. LONG-TERM LOANS

	31 December 2022	31 December 2021
Balance at the beginning of the year	-	-
Additions during the year	25,000,000	-
Paid during the year	(25,000,000)	-
<b>Total loan amount</b>	<b>-</b>	<b>-</b>

The company signed a credit facility agreement under the Islamic Tawarruq system with a local bank on July 1, 2021, with a limit investment, amounting to 50 million Saudi riyals. In return for pledging 2 million shares of the company's shares Yanbu National Petrochemical (YANSAB) Until December 31, 2021, the company did not used this agreement 2021 The company did not use this agreement, the company on May 22, 2022 used 10 million Saudi riyals from the loan agreement On June 29,2022, it used 15 million Saudi riyals from the loan agreement, during the period ending on September 30, 2022 AD, the full amount of the financing was paid, The financing cost on the facilities granted was according to the value of SIBOR with an average of 4.87%.

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**19. ZAKAT PROVISION**

**A-Zakat status:**

The company submitted its zakat returns to the Zakat, Tax and Customs Authority until the year ending on December 31, 2120 AD, and the company obtained a certificate from the Zakat, Tax and Customs Authority, valid until Ramadan 29, 1443 AH, corresponding to April 30, 2023 AD.

**B-Zakat base:**

	<u>31 December 2022</u>	<u>31 December 2021</u>
Net income before zakat	102,333,174	92,640,180
End of service provision	294,854	269,575
Zakat adjustments to net profit	<u>(94,069,006)</u>	<u>(90,883,250)</u>
<b>Net adjusted profit (1)</b>	<b>8,559,022</b>	<b>2,026,505</b>
<b>Zakat base</b>		
Capital	500,000,000	500,000,000
Reserves	184,331,892	184,331,892
Retained earnings	143,557,715	93,562,684
Accumulated provisions	1,181,429	2,201,136
Other additions	<u>1,857,506</u>	<u>1,234,564</u>
<b>Total</b>	<b>839,487,564</b>	<b>783,356,781</b>
Deduct:		
Property and equipment and intangible, net	399,686	365,075
Local investments	<u>756,360,423</u>	<u>829,680,126</u>
<b>Total</b>	<b>756,760,109</b>	<b>830,045,201</b>
<b>Zakat base (B)</b>	<b>82,727,455</b>	<b>(46,688,420)</b>
Zakat 2.5% (from net profit adjusted or zakat base which is higher)	<u>2,125,803</u>	<u>50,663</u>

**C- Zakat provision**

Zakat provision movement as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Balance beginning of the year	150,000	2,618,970
Charged during the year	2,125,803	1,507,114
Paid during the year	<u>(50,663)</u>	<u>(3,976,084)</u>
<b>Balance end of the year</b>	<b>2,225,140</b>	<b>150,000</b>

**D- Zakat expense components**

	<u>For the year ended 31 December 2022</u>	<u>For the year ended 31 December 2021</u>
Zakat expenses	2,125,803	50,663
Prior years zakat assessments	-	1,456,451
<b>Total zakat expense</b>	<b>2,125,803</b>	<b>1,507,114</b>

**20. REVENUE**

	<u>For the year ended 31 December 2022</u>	<u>For the year ended 31 December 2021</u>
Share of net profit of associate	94,069,006	90,883,250
Dividends	10,941,345	10,274,943
Realized gain from financial assets at FVPL	348,177	316,902
Unrealized gain from financial assets at FVPL	<u>10,689,072</u>	<u>-</u>
	<b>116,047,600</b>	<b>101,475,095</b>

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**21. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>For the year ended 31 December 2022</b>	For the year ended 31 December 2021
Salaries and wages and equivalents	7,759,223	4,901,398
Board and key management remuneration - (Note 23)	2,140,145	1,696,417
Professional and consulting fees	997,747	556,861
Tadawul fees	541,959	486,616
Medical insurance	419,356	186,900
Rents	299,859	302,643
Portfolio management expenses	218,890	246,349
Depreciation property and equipment and intangible (note 6)	132,942	180,360
Government expenses	67,873	82,187
Cleaning and hospitality	84,043	72,525
Phone and mail	36,129	32,741
Maintenance and repairs	16,200	23,753
Water and electricity	15,113	12,571
Stationery and prints	8,105	10,854
Bank charges	7,201	6,001
Other	597,773	97,494
	<b>13,342,558</b>	<b>8,895,670</b>

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

The basic and diluted earnings per share of operating income and net income are calculated by dividing the operating income and net income by the weighted average number of ordinary shares outstanding at the end of the year. The outstanding number of shares as at 31 December 2022 is 50 million shares (50 million shares: 31 December 2021).

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

**23. BENEFITS, REMUNERATION, AND COMPENSATION OF THE DIRECTORS AND KEY MANAGEMENT PERSONAL**

Related Parties	Nature of transaction	Transaction amount during the year		Balance (credit)	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
Board of Directors and sub-committees	Attendance bonuses and allowances	2,140,145	1,696,417	(1,434,437)	(1,254,417)
Key Management personal salaries and benefits	Salaries and bonuses	5,959,303	3,309,389	(139,500)	(800,000)

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**24. SEGMENT INFORMATION**

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

Segments assets, liabilities, and operating activities include items directly related to a specific segment and items that can be distributed among the different sectors on a reasonable basis. Items that cannot be allocated between segments are classified under other segments.

The following is a summary of the financial segment information in Saudi riyals as on December 31, 2021, and December 31, 2020, respectively, according to the nature of the activity:

<b>31 December 2022</b>						
	<b>Petrochemical segment</b>	<b>Glass industry segment (Industrial investment)</b>	<b>Industrial services segment (Energy and utilities)</b>	<b>Financial services and investments segment (banks and financial services)</b>	<b>Other segments</b>	<b>Total</b>
<b>Revenue</b>	9,808,419	71,059,096	11,015,063	24,165,022	9,394	116,056,994
<b>Net income \ (loss) for the year</b>	8,357,898	66,764,271	7,533,375	18,376,809	(824,982)	100,207,371
<b>Total assets</b>	83,200,000	246,345,529	199,705,033	332,004,322	47,858,597	909,113,481
<b>Total liabilities</b>	-	-	-	1,758,169	6,171,732	7,929,901
<b>31 December 2021</b>						
	<b>Petrochemical segment</b>	<b>Glass industry segment (Industrial investment)</b>	<b>Industrial services segment (Energy and utilities)</b>	<b>Financial services and investments segment (banks and financial services)</b>	<b>Other segments</b>	<b>Total</b>
<b>Revenue</b>	8,991,051	69,472,632	-	23,011,412	60,755	101,535,850
<b>Net income \ (loss) for the year</b>	6,518,963	67,281,064	(2,076,721)	19,639,391	(229,631)	91,133,066
<b>Total assets</b>	224,612,795	199,124,915	188,689,970	306,380,395	26,384,322	945,192,397
<b>Total liabilities</b>	-	-	-	1,976,625	5,279,398	7,256,023

The petrochemical sector represents the company's investment in Yanbu National Petrochemical (YANSAB) and the Arabian Industrial Fibers Company (Ibn Rushd), and the glass industry segment represents the company's investment in Obeikan Glass Company and AGC Obeikan Glass Company, and the Industrial Services segment represents the company's investment in the Industrialization and Energy Services Company And Alsalam Aerospace Industries Company, the services, and financial investments sector represent the company's investment in Deutsche Gulf Finance, and other financial investments and the other segments are represented in the remaining assets.



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25. NON-CASH TRANSACTION

	31 December 2022	31 December 2021
Change in fair value reserve for financial assets at FVOCI	(90,724,111)	19,519,011
Company portion from comprehensive income items for associates companies	(4,638,482)	160,292
Actuarial losses	41,266	130,969
Transferred from retained earnings to general reserve	(41,823)	-

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's principal financial liabilities include accrued expenses and other current liabilities. The main financial assets of the company consist of investments in associates companies, investments at fair value through other comprehensive income, investments at fair value through profit and loss, cash with banks, and other current assets. The main financial risks arising from the company's financial instruments are market risk (including currency risk) and credit risk. Management reviews and conforms to policies to manage these risks.

**Market risk**

It is the risk of fluctuation in a financial instrument due to changes in prices prevailing in the market, such as foreign exchange rates and interest rates, which affect the company's income or the value of its financial instruments. Market risk management aims to manage and control exposure to market risk within acceptable limits while maximizing returns. The company does not have interest prices risk and market risk as follows:

*Currency risk*

It is the risk that the value of a financial instrument may fluctuate due to changes in foreign exchange rates. The company's transactions are mainly conducted in Saudi riyals. Currency risk is managed regularly.

*Share prices risk*

The Company's listed and unlisted investments are sensitive to price risks, arising from uncertainties about the fair values of investment securities. The company manages equity price risk through diversification of investments and setting limits for them. The following table shows a breakdown of exposure to equity shares and their impact on equity, along with the percentage change in equity prices.

**31 December 2022**

Item	Balance	Sensitivity	Net profit	Equity
<b>Financial assets at FVOCI</b>	<b>121,280,020</b>	+1%	-	<b>+1,212,800</b>
		-1%	-	<b>-1,212,800</b>
<b>Financial assets at FVPL</b>	<b>208,114,197</b>	+1%	<b>+1,997,050</b>	<b>+2,081,142</b>
		-1%	<b>-1,997,050</b>	<b>-2,081,142</b>

31 December 2021

Item	Balance	Sensitivity	Net profit	Equity
Financial assets at FVOCI	250,703,466	+1%	-	+2,507,035
		-1%	-	-2,507,035
Financial assets at FVPL	188,689,970	+1%	+1,886,900	+1,886,900
		-1%	-1,886,900	-1,886,900

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

**Credit risk**

It is the risk that one party will not be able to fulfill its obligations, causing financial losses to the other party. The company does not have a significant concentration of credit risk. The cash is deposited with local banks with good credit ratings. The company has policies in place to reduce its exposure to credit risk. The maximum exposure to credit risk at the reporting date is as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
<b>Cash and cash equivalents</b>	<b>45,099,243</b>	<b>23,780,237</b>

- Cash at bank is held with banks with good credit rating of **BBB** and above.

**Liquidity risk**

It is the risk that the company will encounter difficulties in obtaining the necessary financing to meet obligations associated with financial instruments. Liquidity risk may arise when the inability to sell a financial asset quickly at a value close to its fair value. Liquidity risk is managed through regular monitoring of the adequacy of liquidity available to meet the company's financial obligations. The company's approach to managing liquidity is to ensure that it has sufficient liquidity to meet its liabilities when due, under normal and established conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The following table summarizes the company's financial liabilities in the related maturity based on the remaining period at the balance sheet date and up to the contractual maturity date. The amounts shown in the table are the contractual undiscounted cash flows.

	<u>Carrying amount</u>	<u>Less than a year</u>	<u>More than 1 year</u>	<u>No specific date</u>
<b>31 December 2022</b>				
Accrued expenses and other	4,187,211	4,187,211	-	-
Employees end of services benefits	1,517,549	-	-	1,517,549
	<u>5,704,760</u>	<u>4,187,211</u>	<u>-</u>	<u>1,517,549</u>
	<u>Carrying amount</u>	<u>Less than a year</u>	<u>More than 1 year</u>	<u>No specific date</u>
<b>31 December 2021</b>				
Accrued expenses and other current liabilities	4,730,409	4,730,409	-	-
Employees end of services benefits	2,375,616	-	-	2,375,616
	<u>7,106,025</u>	<u>4,730,409</u>	<u>-</u>	<u>2,375,616</u>

**Capital risk management**

The Board of Directors' policy is to maintain an adequate and strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital employed and the level of dividends paid to common shareholders and monitors the capital base using the ratio of net debt to equity.

**Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

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**26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**  
**Fair value measurement (continued)**

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

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

The company uses valuation methods commensurate with the circumstances and conditions and has sufficient data to measure fair value, maximizing the use of relevant observable data, and minimizing the use of unobservable data to the greatest extent.

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

Level 1: prices traded in active markets for the same assets or liabilities.

Level 2: other valuation techniques in which the minimum significant inputs are observable, directly or indirectly, to the fair value measurement.

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

With regard to the assets and liabilities included in the financial statements on a recurring basis, the company determines whether transfers have taken place between levels in the above hierarchy by reassessing the classification (based on the lowest level of data significant to the fair value measurement as a whole) at the end of each reporting period. Financial.

The company holds the following financial instruments at fair value in the balance sheet as follows:

31 December 2022	Level 1	Level 2	Level 3	Total
Financial assets at FVOCI	<b>118,863,729</b>	-	<b>2,416,291</b>	<b>121,280,020</b>
Financial assets at FVPL	<b>1,388,129</b>	<b>7,021,036</b>	<b>199,705,032</b>	<b>208,114,197</b>
31 December 2021				
Financial assets at FVOCI	248,394,909	-	2,400,384	250,795,293
Financial assets at FVPL	-	-	188,689,970	188,689,970

Level 2 fair value entries are based on quoted prices in an inactive market.

For unlisted assets but for which fair value has been disclosed, valuation of the investments has been performed using market approach based on significant unobservable inputs and is therefore included under Level 3 of the fair value hierarchy.

There were no transfers between the different levels of fair value during the year ending on December 31, 2022.

31 December 2022	FVPL	Amortized cost	Total
Cash and cash equivalents	-	<b>45,099,243</b>	<b>45,099,243</b>
Investment iv associate companies	-	<b>531,860,667</b>	<b>531,860,667</b>
Financial assets at FVPL	<b>208,144,197</b>	-	<b>208,114,197</b>
Financial assets at FVOCI	<b>121,280,020</b>	-	<b>121,280,020</b>
Other Financial assets	-	<b>1,758,169</b>	<b>1,758,169</b>
	<b>329,424,217</b>	<b>578,718,079</b>	<b>908,112,296</b>

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**26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

**Fair value measurement (continued)**

31 December 2021	FVPL	Amortized cost	Total
Cash and cash equivalents	-	23,780,237	23,780,237
Investment iv associate companies	-	475,266,506	475,266,506
Financial assets at FVPL	188,689,970	-	188,689,970
Financial assets at FVOCI	250,795,293	-	250,795,293
Other Financial assets	-	262,385	262,385
	439,485,263	499,309,128	938,794,391

**27. ADJUSTMENTS FOR PREVIOUS YEARS**

Item name	balance before adjustment	Debit/ (Credit) settlements	Balance after adjustment	comment
Statement of financial po-				Investments in associ-
Investment in associate companies	479,322,812	(4,056,306)	475,266,506	ate companies (Deutsche Gulf Fi- nance) were reduced by 4,056,306 Saudi ri- yals, due to non-re- cording of zakat ad- justments, adjustments to other comprehen- sive income items, and previous years' adjust- ments.
Retained earnings	185,114,021	4,056,306	181,057,715	

**28. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the classification used for the year ending on December 31, 2021

**29. SUBSEQUENT EVENTS**

On 26 January 2023 corresponding to 3 Rajab 1444H, he company announced the results of the Extraordinary General Assembly meeting (the third meeting), which was held on January 25, 2023 AD, corresponding to Rajab 2, 1444 AH, which was approved to purchase of a number of its shares, with a maximum of (2,500,000) of its shares, and to keep them as treasury shares, as the Board of Directors or whoever delegates it considers that the share price in the market is less than its fair value, and the purchase will be financed through its financial resources and credit facilities, and the authorization of the Board of Directors The management completes the purchase process within a maximum period of twelve months from the date of the decision of the extraordinary general assembly, and the company will keep the purchased shares for a maximum period of five years from the date of the approval of the extraordinary general assembly, and after the expiration of this period, the company will follow the procedures and controls stipulated in the relevant laws and regulations.

Also, Approval on the recommendation of the Board of Directors regarding the increase of the company's capital by granting bonus shares to the company's shareholders according to the following:

The company's capital before the increase is (500,000,000) five hundred million Saudi riyals, and in the event that the extraordinary general assembly approves the increase to (600,000,000) six hundred million Saudi riyals, with an increase of (20%), the company's capital will be increased through the capitalization of profits The remaining shares amounted to a total amount of (100,000,000) one hundred million Saudi riyals, by granting a free share for every five shares owned by the shareholders. The number of shares before the increase is (50,000,000) fifty million shares, and in the event of the approval of the Extraordinary General Assembly, the increase will become (60,000,000) sixty million shares. Where the company aims to increase the capital to strengthen the capital base of the company to promote future growth plans.

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**29. SUBSEQUENT EVENTS (CONTINUED)**

On 5 Ramadan 1444H corresponding to 27 March 2023, the Company announces the recommendation of the Board of Directors to distribute cash dividends to shareholders for the year 2022. in the amount of 30,000,000 Saudi riyals, provided that the share of each share is 0.5 Saudi riyal at the rate of 5% of the nominal value of the share

**30. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved by the Board of Directors 27 March 2023 corresponding to 5 Ramadan 1444H.