

**National Gas and Industrialization Company
(A Saudi Joint Stock Company)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AND REVIEW REPORT**

**FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2024 (UNAUDITED)**

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Financial Statements
For the three month period ended 31 March 2024

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Report on review of interim condensed consolidated financial statements

To the Shareholders of National Gas and Industrialization Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Gas and Industrialization Company (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 31 March 2024 and the related interim condensed consolidated statement of comprehensive income, changes in equity and cash flows for the three month period then ended and other explanatory notes. The management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - “Interim Financial Reporting” (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”, as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

PricewaterhouseCoopers

Ali A. Alotaibi
License Number 379



14 May 2024

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of financial position
As of 31 March 2024

		31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
	<i>Note</i>		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	822,697,597	835,228,050
Intangible assets		42,611,422	38,555,141
Investment properties		33,442,174	33,442,174
Right-of-use assets	5.1	16,558,393	17,853,616
Investments in associates	6	89,043,598	89,407,944
Financial assets held at fair value through other comprehensive income (FVTOCI)	7	691,186,277	685,726,828
Financial assets held at amortised cost		240,205,979	240,872,536
Prepayments and other assets – Non current portion	10	33,241,291	30,563,104
TOTAL NON-CURRENT ASSETS		1,968,986,731	1,971,649,393
CURRENT ASSETS			
Financial assets held at fair value through profit or loss (FVTPL)	8	129,774,320	122,009,649
Financial assets held at amortised cost		435,721	10,025,978
Inventories		204,051,654	207,128,380
Accounts receivable	9	45,450,783	34,793,053
Prepayments and other assets	10	71,029,804	51,975,175
Cash and cash equivalents	11	131,693,644	129,638,298
TOTAL CURRENT ASSETS		582,435,926	555,570,533
TOTAL ASSETS		2,551,422,657	2,527,219,926
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1	750,000,000	750,000,000
Statutory reserve		225,000,000	225,000,000
Retained earnings		458,996,252	372,469,073
Share of other comprehensive loss from associates	6	(428,503)	(480,868)
Unrealised gains from financial assets held at fair value through other comprehensive income (FVTOCI)		504,164,553	498,705,104
TOTAL EQUITY		1,937,732,302	1,845,693,309
LIABILITIES			
NON-CURRENT LIABILITIES			
Term loan	12	-	25,053,334
Lease liabilities	5.2	11,148,123	12,316,052
Employees' defined benefits liabilities	13	107,387,742	116,044,000
TOTAL NON-CURRENT LIABILITIES		118,535,865	153,413,386
CURRENT LIABILITIES			
Trade payable		230,917,283	203,202,101
Lease liabilities	5.2	8,575,766	7,281,846
Accrued expenses and other liabilities	14	156,324,099	243,851,178
Term loan	12	52,071,386	26,500,000
Zakat payable	15	47,265,956	47,278,106
TOTAL CURRENT LIABILITIES		495,154,490	528,113,231
TOTAL LIABILITIES		613,690,355	681,526,617
TOTAL EQUITY AND LIABILITIES		2,551,422,657	2,527,219,926

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

Mr. Majed Ahmed Qwaidar
Chief Financial Officer

Eng. Abdulrahman Bin Abdulaziz Bin Sulaiman
Chief Executive Officer and Board Member

National Gas and Industrialization Company
(A Saudi Joint Stock Company)

Interim condensed consolidated statement of comprehensive income
For the three month period ended 31 March 2024

	Note	For the three month period ended 31 March	
		2024	2023
		(Unaudited) SR	(Unaudited) SR
Revenues	16	706,832,256	614,927,634
Cost of revenues		(607,346,706)	(524,606,961)
Gross profit		99,485,550	90,320,673
Selling and distribution expenses		(19,449,098)	(17,087,801)
General and administrative expenses		(27,687,941)	(22,612,171)
Reversal of / (provision for) expected credit losses		1,391,413	(205,964)
Operating income		53,739,924	50,414,737
Investments income	17	23,517,568	22,779,864
Finance income		3,558,363	2,307,767
Finance costs		(1,013,544)	(1,110,389)
Share of results from associates	6	(416,711)	1,943,604
Other income, net	18	1,029,837	244,057
Income before zakat		80,415,437	76,579,640
Zakat for the period	15	(1,809,651)	(3,600,000)
Net income for the period		78,605,786	72,979,640
Other comprehensive income			
<i>Other comprehensive gain that will not be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement gain / (loss) on employees' defined benefits liabilities		7,921,393	(4,824,000)
Share of other comprehensive gain / (loss) from associates		52,365	(183,277)
Change in fair value of financial assets held at fair value through other comprehensive income		5,459,449	68,970,600
Other comprehensive income for the period		13,433,207	63,963,323
Total comprehensive income for the period		92,038,993	136,942,963
Weighted average number of outstanding shares		75,000,000	75,000,000
Basic and diluted earnings per share	19	1.05	0.97

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.



Mr. Majed Ahmed Qwaider
Chief Financial Officer



Eng. Abdulrahman Bin Abdulaziz Bin Sulaiman
Chief Executive Officer and Board Member

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of changes in equity
For the three month period ended 31 March 2024

	Share capital SR	Statutory reserve SR	Retained earnings SR	Share of other comprehensive loss from associates SR	Unrealised gains from financial assets held at fair value through other comprehensive income (FVTOCI) SR	Total equity SR
Balance as of 1 January 2024 (Audited)	750,000,000	225,000,000	372,469,073	(480,868)	498,705,104	1,845,693,309
Net income for the period	-	-	78,605,786	-	-	78,605,786
Other comprehensive income	-	-	7,921,393	52,365	5,459,449	13,433,207
Total comprehensive income for the period	-	-	86,527,179	52,365	5,459,449	92,038,993
Balance as of 31 March 2024 (Unaudited)	750,000,000	225,000,000	458,996,252	(428,503)	504,164,553	1,937,732,302
Balance as of 1 January 2023 (Audited)	750,000,000	225,000,000	295,832,196	-	464,131,324	1,734,963,520
Net income for the period	-	-	72,979,640	-	-	72,979,640
Other comprehensive (loss) / income	-	-	(4,824,000)	(183,277)	68,970,600	63,963,323
Total comprehensive income / (loss) for the period	-	-	68,155,640	(183,277)	68,970,600	136,942,963
Balance as of 31 March 2023 (Unaudited)	750,000,000	225,000,000	363,987,836	(183,277)	533,101,924	1,871,906,483

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.



Mr. Majed Ahmed Qwaider
Chief Financial Officer



Eng. Abdulrahman Bin Abdulaziz Bin Sulaiman
Chief Executive Officer and Board Member

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of cash flows
For the three month period ended 31 March 2024

	Notes	31 March 2024 (Unaudited) SR	31 March 2023 (Unaudited) SR
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before zakat		80,415,437	76,579,640
<i>Adjustments to reconcile profit before zakat to net cash flows:</i>			
Depreciation of property, plant and equipment	21	24,020,005	23,417,248
Amortisation of intangible assets	21	3,514,384	2,812,090
Depreciation of right-of-use assets	5.2, 21	1,295,223	1,155,440
Finance costs of lease liabilities	5.2	164,211	148,650
Share of results from associates	6	416,711	(2,011,039)
Gain on disposal of property, plant and equipment		(217,280)	-
(Reversal of) / provision for expected credit losses	21	(1,391,413)	205,964
Provision for employees' defined benefits liabilities		3,786,184	3,570,668
Amortisation of prepaid upfront fees on term loan		518,052	452,779
Follow up fees of term loan		331,281	508,959
Provision for slow moving inventories		368,649	710,666
Provision for replacing cylinders and others		927,986	687,435
Change in fair value of financial assets held at fair value through profit or loss	17	(8,212,179)	(7,421,164)
Dividends income received from financial assets held at fair value through other comprehensive income	17	(11,958,399)	(11,862,265)
Finance income		(3,558,363)	(2,307,767)
		<u>90,420,489</u>	<u>86,647,304</u>
Changes in working capital:			
Inventories		1,780,091	(2,138,852)
Accounts receivable		(9,266,317)	(3,935,250)
Prepayments and other assets		(21,732,816)	(34,367,323)
Financial assets held at fair value through profit or loss		447,508	5,062,953
Trade payable		27,715,182	(41,860,482)
Accrued expenses and other liabilities		(12,673,164)	28,247,306
		<u>76,690,973</u>	<u>37,655,656</u>
Zakat paid	15	(1,821,801)	-
Employees' defined benefits liabilities paid	13	(4,548,097)	(1,068,000)
Net cash generated from operating activities		<u>70,321,075</u>	<u>36,587,656</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets held at amortised cost		10,256,814	(68,275,466)
Finance income		3,558,363	2,307,767
Additions to property, plant and equipment		(11,497,351)	(13,458,432)
Additions to intangible assets		(7,570,665)	(3,245,436)
Dividends income received from financial assets held at fair value through other comprehensive income		11,958,399	11,862,265
Proceeds from disposal of property, plant and equipment		252,127	-
Net cash generated from / (used in) investing activities		<u>6,957,687</u>	<u>(70,809,302)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(74,853,915)	-
Principal element of lease payments		(34,067)	-
Finance costs element of lease payments		(4,153)	-
Follow up fees on term loan paid		(331,281)	(508,959)
Net cash used in financing activities		<u>(75,223,416)</u>	<u>(508,959)</u>

National Gas and Industrialization Company
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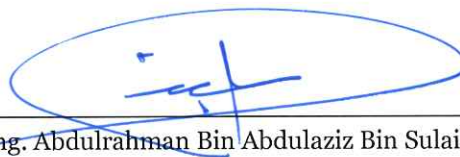
Interim condensed consolidated statement of cash flows (continued)
For the three month period ended 31 March 2024

	31 March 2024 (Unaudited) SR	31 March 2023 (Unaudited) SR
Net increase / (decrease) in cash and cash equivalents	2,055,346	(34,730,605)
Cash and cash equivalents at the beginning of the period	129,638,298	175,851,736
Cash and cash equivalents at the end of the period	131,693,644	141,121,131
NON-CASH TRANSACTIONS:		
Change in fair value of financial assets held at fair value through other comprehensive income	5,459,449	68,970,600
Lease liabilities transferred to trade payable	-	(291,797)
Current service cost charge to capital work in progress	27,048	26,988

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.



Mr. Majed Ahmed Qwaider
Chief Financial Officer



Eng. Abdulrahman Bin Abdulaziz Bin Sulaiman
Chief Executive Officer and Board Member

**National Gas and Industrialization Company
(A Saudi Joint Stock Company)**

Notes to the interim condensed consolidated financial statements
For the three month period ended 31 March 2024

1 CORPORATE INFORMATION

A) ESTABLISHMENT OF THE COMPANY

National Gas and Industrialization Company (the “Company”) is a Saudi joint stock company. The Company is registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010002664 dated 22 Rajab 1383H (corresponding to 9 December 1963). The share capital of the Company amounts to SR 750 million and is divided into 75 million shares of SR 10 each. As of 31 March 2024, the Public Investment Fund owns Nil (31 March 2023: 10.91%), Mr. Abdulaziz Abdulrahman Al-Mohsen owns 6.66% as of 31 March 2024 (31 December 2023: 6.66%) of the total Company’s shares, and the remaining shares are publicly traded.

The Company was established in accordance with the Royal Decree No. 713 dated 03/12/1380H (corresponding to 18 May 1961), to merge the Saudi Gas and Manufacturing Company and National Gas Company with the approval of the General Assembly of both companies, under the letter of H.H. the Minister of Commerce No. 2843/H dated 01/01/1381H (corresponding to 15 June 1961), and the actual merger commenced in 1383H. Later to this date on 13/06/1384H (corresponding to 19 October 1964), the Council of Ministers Decree No. 820 was issued to merge all the entities involved in gas activities in the Kingdom of Saudi Arabia into the National Gas and Industrialization Company.

B) GROUP ACTIVITIES

The activities of the Company and its subsidiaries (the “Group”) include carrying out all work related to the exploitation, manufacturing and marketing of all kinds of gas and its derivatives and industrial gases inside and outside the Kingdom of Saudi Arabia, selling, manufacturing and maintaining cages, cylinders, tanks and accessories, maintenance of gas networks and accessories, carrying out all work related to the manufacturing, transporting and marketing of petroleum, chemical, petrochemical and glass products, establishment or participation in the production of energy, water treatment and environmental services, in addition to the acquisition of real estate and purchase of land for the construction of buildings thereon and investing it through sale or lease in favor of the Group. Also, the Group is incorporated to provide technical and engineering consulting services and training related to all gas and energy works. In addition, The Group is specialized in establishing, building and maintenance of liquefied petroleum gas (LPG) networks and tanks, developing LPG products and solution. Currently the Group is engaged in selling gas and its derivatives and industrial gases inside the Kingdom of Saudi Arabia and maintaining cages, cylinders, tanks and accessories, maintenance of gas networks and accessories.

The registered address of the Group is P.O. Box 564, Riyadh 11421, Kingdom of Saudi Arabia.

The Group has the following branches as of 31 March 2024 and 31 December 2023:

Sr.	Branch	Commercial registration number	Issuing date
1	Riyadh	1010429687	23/03/1436 H
2	Riyadh	1010672639	23/04/1442 H
3	Riyadh	1010672640	23/04/1442 H
4	Riyadh	1010672641	23/04/1442 H
5	Riyadh	1010681388	04/06/1442 H
6	Riyadh	1010828231	25/02/1444 H
7	Riyadh	1126106951	25/02/1444 H
8	Dammam	2050001551	07/08/1383 H
9	Buraidah	1131004089	06/04/1402 H
10	Al-Madinah Al-Munawwarah	4650006707	18/03/1402 H
11	Jeddah	4030032503	19/02/1402 H
12	Yanbu	4700003177	07/08/1409 H
13	Khamis Mushait	5855004366	25/12/1402 H
14	Taif	4032007367	20/09/1402 H

The assets, liabilities and results of operations of these branches are included in these interim condensed consolidated financial statements.

**National Gas and Industrialization Company
(A Saudi Joint Stock Company)**

Notes to the interim condensed consolidated financial statements
For the three month period ended 31 March 2024

1 CORPORATE INFORMATION (continued)

B) GROUP's ACTIVITIES (continued)

The Group has the following subsidiaries:

Subsidiary	Commercial registration number	Nature of activities	Country of incorporation	Effective shareholding percentage	
				2024	2023
1. Gas Solutions Company	1010693275	Gas networks	Saudi Arabia	100%	100%
2. Best Gas Distributor Company	1010851646	Distribution	Saudi Arabia	100%	100%
3. National Carrier Transportation Company	1010851708	Transportation	Saudi Arabia	100%	100%
4. National Gas Supply Company	1010882359	Retail sales	Saudi Arabia	100%	100%
5. National Storage Company	1010924126	Storage and filling	Saudi Arabia	100%	100%

As of the approval date of these interim condensed consolidated financial statements, Best Gas Distributor Company, and National Storage Company have not started their operations yet.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed consolidated financial statements for the three month period ended 31 March 2024 were prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants.

These interim condensed consolidated financial statements are presented in Saudi Riyals ("SR"), which is the Group's functional and presentation currency, and all values are rounded to the nearest SR, except when otherwise indicated.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and they must be read in conjunction with the Group's last annual audited financial statements for the year ended 31 December 2023. In addition, the results for the three month period ended 31 March 2024, are not an accurate indication of the results that can be expected for the fiscal year ending 31 December 2024.

2.2 Judgments, estimates and assumptions

The preparation of the interim condensed consolidated financial statements requires management to use certain judgments, estimates and assumptions that affect the application of accounting policies and the amounts presented for assets and liabilities, revenues, and expenses. Actual results may differ from these estimates. The significant judgments taken by management in applying the Group's accounting policies and the main sources of uncertainty estimates are the same as those applied to the annual financial statements for the year ended 31 December 2023.

2.3 Historical cost convention

These interim condensed consolidated financial statements were prepared under the historical cost convention, except for financial instruments, which are measured at fair value at the end of each reporting period and employees defined benefit liability, which is measured using the Projected Unit Credit Method. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the time of the transaction.

**National Gas and Industrialization Company
(A Saudi Joint Stock Company)**

Notes to the interim condensed consolidated financial statements
For the three month period ended 31 March 2024

2 BASIS OF PREPARATION (continued)

2.4 Basis of consolidation

These interim condensed consolidated financial statements include the assets, liabilities, and the results of operations of the Company and its subsidiaries (the "Group") as stated in note 1.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired (or disposed) of during the period/year are included (or derecognized) in the interim condensed consolidated financial statements from the date the Group gains control until the date when the Group ceases to control the subsidiary.

The Company and its subsidiaries have the same reporting period. Where necessary, accounting policies of the subsidiary have been changed to ensure consistency with the accounting policies adopted by the Group.

All inter-group accounts and transactions have been eliminated on consolidation.

3 MATERIAL ACCOUNTING POLICIES

The accounting policies applied during the preparation of these interim condensed consolidated financial statements are the same accounting policies applied during the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2023, unless otherwise stated.

3.1 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2024:

1. Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
2. Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).
3. Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements: (effective for annual periods beginning on or after 1 January 2024).

The amendments listed above did not have any significant impact on the interim condensed consolidated financial statements for the period ended 31 March 2024.

3.2 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED BY THE GROUP

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning after 1 January 2024, and which the Group has not early adopted. Those standards and interpretations were disclosed in the Group's consolidated financial statements for the year ended 31 December 2023, except for the below standards that were issued in 2024:

- In April 2024, the International Accounting Standards Board (IASB) issued a new accounting standard to improve reporting of financial performance. IFRS 18 "Presentation and Disclosure in Financial Statements" which replaces IAS 1 "Presentation of Financial Statements". IFRS 18 has an effective date of 1 January 2027 with earlier application permitted. This IFRS is not yet endorsed by SOCPA.
- In May 2024, the International Accounting Standards Board (IASB) issued a new accounting standard to apply reduced disclosure requirements for eligible subsidiaries. IFRS 19 "Subsidiaries without Public Accountability: Disclosures" has an effective date of 1 January 2027 with earlier application permitted. This IFRS is not yet endorsed by SOCPA.

The Group is yet to assess the impact of the two new standards above. There are no other new standards or amendments issued that are effective in upcoming years that could have a material effect on these interim condensed consolidated financial statements.

**National Gas and Industrialization Company
(A Saudi Joint Stock Company)**

Notes to the interim condensed consolidated financial statements
For the three month period ended 31 March 2024

4 PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment includes the following:

- a) Two plots of land with an aggregate value of SR 2.7 million (31 December 2023: SR 2.7 million) that have been pledged to the Saudi Industrial Development Fund (SIDF) and the process of pledging the remaining five plots of land is under process (note 12).
- b) Capital work in progress amounted to SR 330 million (31 December 2023: SR 323 million) mainly represents projects to develop the Group's stations and production lines in accordance with the Group's needs and the public safety requirements.

The Group has disposed property, plant and equipment during the period ended 31 March 2024 with a cost of SR 2.1 million and accumulated depreciation of SR 2.08 million. As a result, a gain of SR 0.2 million has been included within other income (note 18).

5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Group as a lessee

The Group has lease contracts for various plots of land and machineries. Leases of land generally have lease terms between 3 and 99 years. The Group's obligations under its leases are secured by the lessors' titles to the leased plots of land. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group has certain leases of equipment with lease terms of 12 month or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

5.1 Right-of-use assets

Below are the carrying amounts of right-of-use assets recognized and the movements during the period/year:

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	17,853,616	19,723,178
Additions during the period / year	-	3,361,582
Depreciation charge for the period / year	(1,295,223)	(5,231,144)
At the end of the period / year	16,558,393	17,853,616

5.2 Lease liabilities

Below are the carrying amounts of lease liabilities recognized and the movements during the period/year:

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	19,597,898	20,207,725
Additions during the period / year	-	3,361,582
Paid during the period / year	(38,220)	(4,761,099)
Finance costs for the period / year	164,211	789,690
At the end of the period / year	19,723,889	19,597,898
Current portion	(8,575,766)	(7,281,846)
Non-current portion	11,148,123	12,316,052

National Gas and Industrialization Company
(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements
For the three month period ended 31 March 2024

5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

5.2 Lease liabilities (continued)

The following are the amounts recognised in the interim condensed consolidated statement of comprehensive income:

	For the three month period ended 31 March	
	2024 (Unaudited) SR	2023 (Unaudited) SR
Depreciation expense of right-of-use assets	1,295,223	1,155,440
Finance costs on lease liabilities	164,211	148,650
Expense relating to short-term leases	283,952	107,058
Total amount recognised in profit or loss	1,743,386	1,411,148

The Group has lease contracts that include extension options. These options are negotiable by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether this extension option is reasonably certain to be exercised.

Group as a lessor

The Group has entered into leases contracts on plots of land, which are long term in nature. Rent income recognised by the Group during the period is SR 3.1 million (31 March 2023: SR 3.1 million).

6 INVESTMENTS IN ASSOCIATES

Investments in associates comprise the following:

	Ownership percentage		31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
	2024	2023		
Saudi Gas Cylinder Factory Company	37.57%	37.57%	35,533,257	37,768,954
Natural Gas Distribution Company	35%	35%	20,702,887	20,339,988
East Gas Company	35%	35%	32,807,454	31,299,002
			89,043,598	89,407,944

National Gas and Industrialization Company
(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements
For the three month period ended 31 March 2024

6 INVESTMENTS IN ASSOCIATES (continued)

The movement of investments in associates is as follows:

	Saudi Gas Cylinder Factory Company	Natural Gas Distribution Company	East Gas Company	Total	Saudi Gas Cylinder Factory Company	Natural Gas Distribution Company	East Gas Company	Total
	For the period ended 31 March 2024 (Unaudited)				For the year ended 31 December 2023 (Audited)			
At the beginning of the period / year	37,768,954	20,339,988	31,299,002	89,407,944	35,979,005	19,966,262	33,814,508	89,759,775
Amount recognized in P&L								
Current year share of results	311,797	368,772	1,463,564	2,144,133	2,942,286	1,323,865	4,487,037	8,753,188
Elimination of upstream transactions*	(2,537,078)	-	-	(2,537,078)	(800,000)	-	-	(800,000)
Prior year adjustment	(62,781)	(5,873)	44,888	(23,766)	71,818	(21,914)	945	50,849
	(2,288,062)	362,899	1,508,452	(416,711)	2,214,104	1,301,951	4,487,982	8,004,037
Amount recognized in OCI								
Share of other comprehensive income / (loss)	52,365	-	-	52,365	(424,155)	(53,225)	(3,488)	(480,868)
Dividends declared	-	-	-	-	-	(875,000)	(7,000,000)	(7,875,000)
At the end of the period / year	35,533,257	20,702,887	32,807,454	89,043,598	37,768,954	20,339,988	31,299,002	89,407,944

* Represents the Group share in the unrealized profit of unsold inventory from the relevant investee.

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6 INVESTMENTS IN ASSOCIATES (continued)

The share of results from associates comprises the following:

	For the three month period ended 31 March	
	2024 (Unaudited) SR	2023 (Unaudited) SR
East Gas Company	1,508,452	1,182,582
Natural Gas Distribution Company	362,899	384,055
Saudi Gas Cylinders Factory Company	(2,288,062)	376,967
	(416,711)	1,943,604

The figures related to the investments in associates and share of results are based on accounts prepared by the respective entities' managements.

**7 FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH OTHER
COMPREHENSIVE INCOME (FVTOCI)**

Financial assets held at fair value through other comprehensive income comprises the following:

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
	Investment in equity instruments – unquoted (notes a, b, and c)	633,320,501
Closed REITs	41,310,000	41,310,000
Investments in equity instruments – quoted	16,555,776	17,709,582
	691,186,277	685,726,828

- a) The above unquoted investments in equity instruments have been evaluated by management through an independent expert valuer, who issued a report on the valuation of investments in the National Industrial Gases Company and Arabian United Floating Glass Company as of 31 March 2024, using the similar companies' method (Market Method) and the discounted cash flow method (Income Method), respectively.
- b) During the three month period ended 31 March 2024, the General Assembly of National Industrial Gases Company, approved distribution of dividends to the shareholders amounting to SR 130 million (31 March 2023: SR 130 million). The Group's share is 9%, equivalent to SR 11.7 million (31 March 2023: SR 11.9 million).
- c) The significant unobservable inputs used in the fair value measurement of equity instruments categorized within Level 3 of the fair value hierarchy as of 31 March 2024 and 31 December 2023 are as follows:

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**7 FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH OTHER
COMPREHENSIVE INCOME (FVTOCI) (continued)**

Unquoted equity investment	Valuation technique	Significant unobservable inputs	Description of valuation technique
National Industrial Gases Company	Market Method	Comparable entities Discount factor	This approach establishes value by comparison to recent sales of comparable assets or other multiple such as expected value over earnings before interest, tax, depreciation, and amortization (EV/EBITDA). The market approach is a general way of determining the value of a business, business ownership interest, security, or intangible asset by using one or more methods that compare the subject to similar businesses, business ownership interests, securities, or intangible assets that have been sold.
Arabian United Floating Glass Company	Income Method	Weighted average cost of capital (WACC) Growth rate	This approach is based on discounting future amounts of cash flow to present value, where under the discounted cash flow (DCF) method, the forecasted cash flow is discounted back to the valuation date, resulting in a present value of the asset.

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7 FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI) (continued)

Sensitivity analysis

Description	Fair value at		Unobservable inputs	Range of inputs		Sensitivity
	31 March 2024 (Unaudited)	31 December 2023 (Audited)		31 March 2024 (Unaudited)	31 December 2023 (Audited)	
National Industrial Gases Company	553,017,945	547,624,176	EV/EBITDA	10.9x	10.4X	Change by +/-1X will change FV increase/decrease by SR 5.9 million (31 December 2023: increase/decrease by SR 6.1 million).
			Discount factor	10%	10%	Change by +/-1% will change FV decrease/increase by SR 7.2 million (31 December 2023: decrease/increase by SR 7 million).
Arabian United Floating Glass Company	80,302,556	79,083,070	WACC	13%	13%	Change by +/-1% will change FV by SR decrease SR 7 million/increase by SR 8.5 million (31 December 2023: decrease by SR 7.5 million / increase by SR 9 million).
			Growth rate	2%	2%	Change by +/-1% will change FV by increase SR 7 million / decrease SR 6 million (31 December 2023: increase by SR 6.9 million / decrease by SR 5.8 million).
	633,320,501	626,707,246				

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

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8 FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Financial assets at fair value through profit or loss comprises the following:

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Portfolio of traded securities	129,774,320	122,009,649

9 ACCOUNTS RECEIVABLE

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Trade receivables	51,079,727	41,695,169
Non-trade receivables	1,533,931	1,652,172
	52,613,658	43,347,341
Provision for expected credit losses	(7,162,875)	(8,554,288)
	45,450,783	34,793,053

The movement in provision for expected credit loss on accounts receivable is as follows:

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	8,554,288	6,770,815
Charge for the period / year	-	1,783,473
Reversal for the period / year	(1,391,413)	-
At the end of the period / year	7,162,875	8,554,288

10 PREPAYMENTS AND OTHER ASSETS

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Accrued rent	33,241,291	30,563,104
Dividends receivable	875,000	875,000
Receivable from financial institutions	-	9,000,000
Advances to suppliers and contractors	35,827,607	15,225,554
Prepaid expenses	15,998,519	9,806,798
Value added tax receivable	7,193,357	7,090,264
Employees' receivable	5,987,461	4,758,345
Insurance claims	223,291	206,270
Others	5,613,664	5,702,039
	104,960,190	83,227,374
Provision for expected credit loss on other receivables	(689,095)	(689,095)
	104,271,095	82,538,279
Less: non-current accrued rent	(33,241,291)	(30,563,104)
	71,029,804	51,975,175

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11 CASH AND CASH EQUIVALENTS

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Bank balances	108,583,362	126,044,149
Short term Murabaha time deposits	18,000,000	-
Cash with portfolio managers	5,110,282	3,594,149
	131,693,644	129,638,298

12 TERM LOAN

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Principal amount due	53,000,000	76,000,000
Less: repayment	-	(23,000,000)
Less: un-amortised portion of transaction cost	(928,614)	(1,446,666)
	52,071,386	51,553,334
Less: current portion	(52,071,386)	(26,500,000)
non-current portion	-	25,053,334

On 17 Muharram 1440 H (corresponding to 27 September 2018), the Group signed an agreement to obtain a loan from the Saudi Industrial Development Fund (SIDF) amounting to SR 203 million. The loan is for the purpose of developing the filling plants and distribution of gas in all regions with a production capacity of 1,648 thousand tons in all branches of the Group. The terms of the loan span over a tenure of 5 years. The loan carries only an upfront fee amount of SR 16.2 million that was paid at the start of the loan and incur to follow-up charges which are paid on semi-annual basis over the term of the loan. Further, this loan carries certain conditions / covenants, such as maintaining required current asset ratios during the term of the loan and a specific ratio of liabilities to net tangible value. During the period ended 31 March 2024, there has been no non-compliance with any of the covenants. The agreement also contains undertaking pledges of seven plots of land with a total cost of SR 17.6 million; of which the Group has pledged two plots as of the reporting period with a total cost of SR 2.7 million (note 4), and the process of pledging the remaining five plots of land is under process.

13 EMPLOYEES' DEFINED BENEFITS LIABILITIES

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	116,044,000	110,957,000
Amount recognised in profit or loss		
Current service cost	2,347,184	9,146,969
Finance costs	1,439,000	5,477,000
	3,786,184	14,623,969
Amount recognised in other comprehensive income		
Re-measurements gain on employees defined benefit liabilities	(7,921,393)	(60,494)
Current service cost charge to capital work in progress	27,048	149,031
Paid during the period/year	(4,548,097)	(9,625,506)
At the end of the period / year	107,387,742	116,044,000

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13 EMPLOYEES' DEFINED BENEFITS LIABILITIES (continued)

The most recent actuarial valuation was performed by an independent, qualified actuary using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Discount rate	5.7%	5%
Future salary increases	4%	4%
Retirement age	60	60
Turnover rate	1% - 25%	1% - 25%

Sensitivity analysis

The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Discount rate		
Increase 1%	(10,635,742)	(10,749,000)
Decrease 1 %	10,283,258	12,570,000
The future increase in the salaries		
Increase 1%	10,283,258	12,570,000
Decrease 1%	(10,869,742)	(10,940,000)

14 ACCRUED EXPENSES AND OTHER LIABILITIES

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Dividends payable	43,414,310	118,268,225
Accrued expenses	35,684,376	44,731,120
Advance from customers	44,083,837	44,263,897
Accrued employees' benefits	22,124,817	26,712,384
Board of Directors and committees' remunerations	4,482,596	3,635,846
Security deposits from customers	2,952,081	2,986,481
Others	3,582,082	3,253,225
	156,324,099	243,851,178

15 ZAKAT PAYABLE

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period/year	47,278,106	90,307,604
Charge for the period/year	1,809,651	15,010,401
Paid during the period/year	(1,821,801)	(58,039,899)
At the end of the period/year	47,265,956	47,278,106

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15 ZAKAT PAYABLE (continued)

Status of assessments

The Group obtained final assessment for zakat until the end of the year 2010 and for the years 2014 until 2018.

2011 to 2013 status:

The Group did not receive the zakat assessments for the years 2011 until 2013.

2019 and 2020 status:

ZATCA issued the zakat assessments to the Group for the years 2019 and 2020, which resulted in an additional amount of SR 11.5 million. The Group has submitted the objection against the assessments with the relevant Appeal Committee and submitted a bank guarantee to the ZATCA of 50% of the total amount in this regard. During the year 2022 this case was divided into two different cases:

- The first case No. 127671-2022-z for the year 2019, where some of the objected items that were rejected by the Adjudication Committee with total amount of SR 6.8 million and have been transferred to the Appeal Committee with No. 177650-2023-z, which is currently in the appeal stage and subject to legal assessment with The General Secretariat of the Tax Committee.
- The second case No. 127674-2022-z for the year 2020, where some of the objected items that were rejected by the Adjudication Committee with total amount after reduction of SR 2.5 million and have been transferred to the Appeal Committee with No. 180587-2023-z, which is currently in the appeal stage subject to legal assessment with The General Secretariat of the Tax Committee.

2021 to 2023 status:

The Group has submitted its consolidated zakat returns for the years 2021 to 2023, and the assessments have not yet been raised by ZATCA up to the date of the approval of these interim condensed consolidated financial statements.

The Group, based on technical opinions, appealed against the additional claims in front of the relevant Appeal Committees and believes it has a strong position. The Management believes that the open assessments of years 2019, and 2020 are adequately provided for.

16 REVENUES

	For the three month period ended 31 March	
	2024 (Unaudited) SR	2023 (Unaudited) SR
Gas sales	653,293,737	578,852,891
Gas cylinders and tanks, and extension parts' sales	26,543,449	24,537,034
Service, transportation and installation revenue	6,446,961	4,882,860
Scrap Sales	3,345,605	1,743,523
Other commercial projects	17,202,504	4,911,326
	706,832,256	614,927,634

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17 INVESTMENTS INCOME

	For the three month period ended 31 March	
	2024	2023
	(Unaudited)	(Unaudited)
	SR	SR
Dividends income from FVTOCI	11,958,399	11,862,265
Rent income from investment properties	3,102,090	3,119,213
Income from Sukuk and short-term Murabaha time deposits	244,900	377,222
Change in fair value of FVTPL	8,212,179	7,421,164
	23,517,568	22,779,864

18 OTHER INCOME, NET

	For the three month period ended 31 March	
	2024	2023
	(Unaudited)	(Unaudited)
	SR	SR
Gain on disposal of property, plant, and equipment	217,280	-
Foreign currency exchange differences	162,116	159,670
Others	650,441	84,387
	1,029,837	244,057

19 EARNINGS PER SHARE

Earnings per share are calculated based on the weighted average number of shares outstanding. The diluted earnings per share are the same as the basic earnings per share, as the Group has not issued any discounted instruments as of 31 March:

	For the three month period ended 31 March	
	2024	2023
	(Unaudited)	(Unaudited)
	SR	SR
Net income for the period	78,605,786	72,979,640
Weighted average number of outstanding shares	75,000,000	75,000,000
Basic and diluted earnings per share	1.05	0.97

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20 COMMITMENTS AND CONTINGENCIES

Contingencies

The Group received a claim for the rent of one of the branches for the period from 9 April 1976 to 13 November 2021 amounting to SR 18.3 million. The legal advisor of the Group believes that the expected outcome from this matter will be in favor of the Group and management filed an objection to comply with the basis of the contractual terms.

Guarantees and letters of credit

The Group has an outstanding bank guarantee to ZATCA amounting SR 5.7 million, representing 50% of the total amount of zakat assessments for the years 2019 and 2020 (31 December 2023: SR 5.7 million) (note 15).

The Group has submitted a bank guarantee to Saudi Arabian Oil Company ("Saudi Aramco") amounting to SR 280 million (31 December 2023: SR 280 million) relating to the supply of liquefied gas products.

The Group has other outstanding letters of guarantees as of 31 March 2024 amounting to SR 11.7 million (31 December 2023: SR 8.9 million).

The Group has outstanding letters of credit as of 31 March 2024 amounting to SR 11 million (31 December 2023: SR 15 million).

Commitments

As of 31 March 2024, the Group has commitments of SR 96.3 million (31 December 2023: SR 99.5 million) related to capital work in progress under property, plant and equipment and intangible assets.

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21 OPERATING SEGMENTS

For management purposes, the Group is organised into business units based on its geographical regions, as follows:

	Central region SR	Western region SR	Eastern region SR	Southern region SR	Eliminations SR	Total SR
31 March 2024 (Unaudited)						
Revenues	287,602,738	237,284,111	114,903,918	76,129,664	(9,088,175)	706,832,256
Cost of revenues	(230,993,918)	(199,792,103)	(93,538,030)	(67,442,708)	9,088,175	(582,678,584)
Depreciation and amortisation of assets	(9,383,159)	(10,879,700)	(3,746,629)	(3,524,901)	-	(27,534,389)
Depreciation of right-of-use assets	(513,974)	(460,952)	(161,838)	(158,459)	-	(1,295,223)
Selling and distribution expenses	(8,130,336)	(5,301,977)	(2,533,469)	(1,862,183)	-	(17,827,965)
General and administrative expenses	(11,067,985)	(7,799,970)	(3,777,105)	(2,502,524)	-	(25,147,584)
Reversal of provision for expected credit losses	640,049	320,025	375,682	55,657	-	1,391,413
Operating income	28,153,415	13,369,434	11,522,529	694,546	-	53,739,924
31 March 2024 (Unaudited)						
Total operating assets	997,216,278	291,665,262	67,280,457	89,135,130	(77,962,539)	1,367,334,588
Total operating liabilities	(400,186,773)	(124,076,408)	(37,083,236)	(30,969,135)	77,962,539	(514,353,013)
	Central region SR	Western region SR	Eastern region SR	Southern region SR	Eliminations SR	Total SR
31 March 2023 (Unaudited)						
Revenues	241,214,695	204,952,532	100,160,618	69,259,304	(659,515)	614,927,634
Cost of revenues	(197,770,763)	(167,878,430)	(78,908,872)	(58,218,883)	659,515	(502,117,433)
Depreciation and amortisation of assets	(9,822,067)	(9,681,426)	(3,243,066)	(3,482,779)	-	(26,229,338)
Depreciation of right-of-use assets	(272,543)	(500,445)	(228,514)	(153,938)	-	(1,155,440)
Selling and distribution expenses	(5,965,738)	(4,513,458)	(1,987,114)	(1,465,526)	-	(13,931,836)
General and administrative expenses	(8,467,066)	(6,791,644)	(3,319,087)	(2,295,089)	-	(20,872,886)
Provision for expected credit losses	(92,684)	(49,431)	(55,610)	(8,239)	-	(205,964)
Operating income	18,823,834	15,537,698	12,418,355	3,634,850	-	50,414,737
31 December 2023 (Audited)						
Total operating assets	965,156,541	286,557,941	63,592,382	96,150,361	(65,722,408)	1,345,734,817
Total operating liabilities	(442,717,582)	(121,753,705)	(47,375,066)	(36,571,232)	65,722,408	(582,695,177)

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21 OPERATING SEGMENTS (continued)

The top management of the Group monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the interim condensed consolidated financial statements. In addition, the Group's other costs (including finance costs, salaries and benefits of the management, directors, finance and IT departments, legal and HR departments, administrative and support department, other expenses, and other income) and zakat are managed on a Group basis and are not allocated to operating segments.

The revenue information above is based on the regional location of the customers. Segment revenue reported above represents revenue generated from external customers. There was a revenue between the parent company and its subsidiaries of SR 9,088,175 for the period ended 31 March 2024 (31 March 2023: SR 659,515) which was eliminated at consolidation. No single customer contributed 10% or more to the Group's revenues. Zakat provision, term loan and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis.

Inter-company revenues are eliminated upon consolidation and reflected in the elimination's column. All other adjustments and eliminations are part of detailed reconciliations presented further below:

Reconciliation of profit

	For the three month period ended 31 March	
	2024 (Unaudited) SR	2023 (Unaudited) SR
Segment operating income	53,739,924	50,414,737
Investments income	23,517,568	22,779,864
Finance income	3,558,363	2,307,767
Finance costs	(1,013,544)	(1,110,389)
Share of results from associates	(416,711)	1,943,604
Other income, net	1,029,837	244,057
Zakat	(1,809,651)	(3,600,000)
Net income for the period	78,605,786	72,979,640

Reconciliation of assets

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Segment operating assets	1,367,334,588	1,345,734,817
Investments in associates	89,043,598	89,407,944
Financial assets held at fair value through other comprehensive income (FVTOCI)	691,186,277	685,726,828
Financial assets held at amortised cost	240,641,700	250,898,514
Financial assets held at fair value through profit or loss (FVTPL)	129,774,320	122,009,649
Investment properties	33,442,174	33,442,174
Total assets	2,551,422,657	2,527,219,926

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21 OPERATING SEGMENTS (continued)

Reconciliation of liabilities

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Segment operating liabilities	514,353,013	582,695,177
Term loan	52,071,386	51,553,334
Zakat payable	47,265,956	47,278,106
Total liabilities	613,690,355	681,526,617

22 RELATED PARTY TRANSACTIONS AND BALANCES

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

- a) Transactions with related parties included in the condensed consolidated statement of comprehensive income are as follows:

Name	Relationship
Saudi Gas Cylinder Factory Company	Associate

- b) The significant transactions for the periods are as follows:

	For the three month period ended 31 March	
	2024 (Unaudited) SR	2023 (Unaudited) SR
Purchases of gas cylinders and tanks	10,554,440	19,643,908

- c) Amounts due to related parties

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Saudi Gas Cylinder Factory Company	10,422,795	9,790,134

The above balances are unsecured, interest free and have no fixed repayments.

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22 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

d) Key management personnel compensation

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

	For the three month period ended 31 March	
	2024 (Unaudited) SR	2023 (Unaudited) SR
Key management personnel salaries and benefits – short term	4,058,968	2,802,263
Board of directors' members remunerations	1,342,992	1,278,300
Post-retirement benefits	130,061	96,547
Total	5,532,021	4,177,110

The amounts disclosed in the above table are the amounts recognised as an expense during the reporting period related to key management personnel and board of directors members.

23 EVENTS SUBSEQUENT TO THE REPORTING DATE

In the opinion of management, there have been no significant subsequent events that may require adjustments or disclosures in the interim condensed consolidated financial statements.

24 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the Audit Committee in accordance with the authorisation of the Board of Directors on 8 May 2024.