البابطين للطاقة و الاتصالات
AL-BABTAIN POWER & TELECOM

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY
(A Saudi Joint Stock Company)
Consolidated Financial Statements
and the Independent Auditor's Report
for the Year Ended 31 December 2023

BDO الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Al-Babtain Power and Telecommunications Company
(A Saudi Joint Stock Company)

Riyadh – Kingdom of Saudi Arabia

Opinion

We have audited the consolidated financial statements of **Al-Babtain Power and Telecommunications Company** (the "Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statements of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent auditor's report on the audit of the consolidated financial statements of Al-Babtain Power and Telecommunications Company for the year ended 31 December 2023 (Continued)

Key Audit Matters

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

Revenue from contracts with customers	
Key Audit Matter	**How we addressed the key matter in our audit**
The Company applies the IFRS 15 "Revenue from Contracts with Customers". The Group recognized revenue amounting to SR 2.49 billion for the year ended 31 December 2023. Revenues from sale of goods are recognized when the control over the product is transferred to the customer upon actual delivery and fulfillment of the performance obligations. Revenue is considered one of the significant indicators for measuring the performance of the Group, resulting in inherent risks through the possibility of recognizing revenue at more than its actual value. Revenue recognition was considered as a key audit matter due to the materiality of the revenue amount and the risks inherent to the overstatement of the revenue amount, which may have a material impact on the Group's consolidated financial statements.	Our procedures included the following: • Evaluated the appropriateness of the Group's accounting policies relating to revenue recognition, and assessed the compliance with the applicable accounting standards. • Obtained understanding of and evaluated the design, and implementation of internal controls related to revenue recognition. • Performed analytical procedures, including margin analysis for sales compared with the prior year, and obtained explanations to any significant changes. • On a sample basis, test revenue transactions with the supporting documents, to verify that the revenues are recorded at the correct amount and in their correct period. • Performed Cut-off procedures on the timing of revenue recognition from sales after the products were delivered to the customers and recognized during the correct accounting year. • We evaluated the adequacy and appropriateness of disclosures included in the consolidated financial statements.
For more details, Refer to notes (4-2-34\29\37)	

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Independent auditor's report on the audit of the consolidated financial statements of Al-Babtain Power and Telecommunications Company for the year ended 31 December 2023 (Continued)

Expected credit loss provision for trade receivables and contract assets	
Key Audit Matter	**How we addressed the key matter in our audit**
As at 31 December 2023, the Group's accounts receivable and contract assets balance amounted to SR 1.23 billion, with an impairment allowance of SR 32 million. The Group assesses at each reporting date whether the accounts receivable and contract assets are impaired. Management has applied an expected credit loss ("ECL") model to determine the appropriate allowance for impairment loss. The determination of allowance for expected credit losses is based on certain assumptions that relates mainly to risk of probability of default and loss given default. The Group applies judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, market conditions, as well as forward looking estimates. We considered this as a key audit matter due to the level of judgment applied and estimates made in the application of the ECL.	Our procedures included the following: • We obtained an understanding of the process used by management in determining the allowance for expected credit losses for the accounts receivable and contract assets. • We assessed the significant assumptions used in the ECL model's calculation such as; probability of default, loss given default and forward-looking factors and macro-economic variables that are used to determine the allowance for expected credit losses. • We tested the completeness and mathematical accuracy of the ECL model. • We assessed the assumptions used by management in connection to the determination of allowance for expected credit losses for certain customers and contract assets' categories. • We evaluated the adequacy and appropriateness of disclosures included in the consolidated financial statements.
For more details, Refer to notes (4-2-3 /4-2-29/12/13/38-3)	

Other Matter

The Group's consolidated financial statements were audited for the year ended 31 December 2022 by another auditor, who expressed an unmodified opinion on these consolidated financial statements in his report dated 18 Ramadan 1444H corresponding to 9 April 2023.

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Independent auditor's report on the audit of the consolidated financial statements of Al-Babtain Power and Telecommunications Company for the year ended 31 December 2023 (Continued)

Other information

The other information consists of the information included in the group's annual report for the year 2023, other than the consolidated financial statements and the auditor's report thereon.

Management is responsible for the other information included in its annual report.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information provided above, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or with the knowledge we 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. We have nothing to report on this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance, i.e., the Board of Directors are responsible for overseeing the Group's financial reporting process.

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Independent auditor's report on the audit of the consolidated financial statements of Al-Babtain Power and Telecommunications Company for the year ended 31 December 2023 (Continued)

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

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

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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Independent auditor's report on the audit of the consolidated financial statements of Al-Babtain Power and Telecommunications Company for the year ended 31 December 2023 (Continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For BDO Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362

د. محمد العمري وشركاه - محاسبون قانونيون
س . ت : ١٠١٠٤٣٣٩٨٢
Riyadh
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

Riyadh, on: 25 Ramadan 1445 (H)
Corresponding to: 4 April 2024 (G)

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY
(A Saudi Joint Stock Company)
Consolidated statement of financial position
For the year ended 31 December 2023
(All amounts in Saudi riyals unless otherwise stated)

	Note	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	5	**405,701,756**	403,738,407	396,136,751
Intangible assets	6	**5,177,484**	7,312,998	7,281,662
Investments properties	7	**48,396,240**	48,396,240	29,077,079
Investment at fair value through other comprehensive income	8	**74,170,409**	89,554,166	85,639,196
Investment in non-consolidated subsidiaries		**-**	-	205,000
Investment in associates	9	**548,979**	2,125,641	9,471,426
Right-of-use assets	10	**25,322,803**	25,243,484	27,918,093
Due from related parties – non-current	14	**15,420,819**	22,080,724	-
Total Non-current assets		**574,738,490**	598,451,660	555,729,207
Current assets				
Inventory	11	**845,512,453**	833,560,697	674,920,349
Trade receivables	12	**944,348,168**	837,520,195	648,491,964
Contract assets	13	**258,682,387**	212,733,722	208,153,276
Due from related parties – current	14	**14,063,632**	14,455,146	53,788,354
Prepaid expenses and other receivables	15	**82,473,904**	82,582,198	88,835,035
Financial derivatives by fair value	16	**9,291,171**	20,305,182	-
Financial assets at fair value through profit or loss	17	**6,343,200**	17,965,819	379,800
Cash and cash equivalents	18	**192,785,853**	178,652,661	210,709,260
Assets held for sale	9	**-**	2,210,665	-
Total current assets		**2,353,500,768**	2,199,986,285	1,885,278,038
Total assets		**2,928,239,258**	2,798,437,945	2,441,007,245
Shareholder’s equity and liabilities				
Shareholder’s equity				
Share capital	19	**639,469,680**	426,313,120	426,313,120
Statutory reserve	20		127,893,936	127,893,936
Foreign currency exchange reserve		**(109,721,839)**	(95,029,773)	(60,265,098)
Investment at fair value through TOCI reserve		**(46,725,459)**	(31,341,702)	(35,256,672)
Actuarial (losses) \ gains		**(2,582,723)**	5,901,918	(1,288,761)
Retained earnings		**424,397,684**	389,484,115	357,610,941
Total equity attributable to the company's shareholders		**904,837,343**	823,221,614	815,007,466
Non-controlling interest	21	**15,468,125**	14,129,652	15,427,262
Total Shareholder’s Equity		**920,305,468**	837,351,266	830,434,728
LIABILITIES				
Non-current liabilities				
Long term loans – non-current portion	23	**337,425,000**	381,950,822	541,704,396
Lease Liabilities – non-current portion	10	**20,271,236**	20,424,125	21,803,224
Employees’ post-employment benefits	24	**80,932,332**	68,517,376	78,218,261
Deferred Revenue-non-current portion	25	**40,470,777**	25,004,761	-
Total Non-current liabilities		**479,099,345**	495,897,084	641,725,881
Current liabilities				
Short term loans	23	**723,804,074**	584,175,115	315,916,023
Long term loans - current portion	23	**203,037,500**	389,366,340	228,583,341
Trade Payables and Notes Payable	26	**243,439,135**	292,270,475	298,394,501
Provision - current portion	25	**272,919,062**	148,260,452	92,826,855
Accruals expenses and other payables	27	**35,536,713**	8,472,616	-
Provision for zakat and income tax	28	**29,765,621**	24,645,103	12,198,723
Due to related parties	14	**15,340,243**	13,898,041	16,131,833
Lease Liabilities – current portion	10	**4,992,097**	4,101,453	4,795,360
Total current liabilities		**1,528,834,445**	1,465,189,595	968,846,636
Total liabilities		**2,007,933,790**	1,961,086,679	1,610,572,517
Total Shareholder’s equity and liabilities		**2,928,239,258**	2,798,437,945	2,441,007,245

The accompanying notes 1 to 43 form an integral part of these Consolidated financial statements.

Chief Financial Officer	Chief Executive Officer	Chairman of Board of Directors
Muhammad Najah Tokhi	Jawad Jamil Ismail Abu Shehadeh	Ibrahim Hamad Abdullah Al-Babtain

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY
(A Saudi Joint Stock Company)
Consolidated statement of profit or loss
For the year ended 31 December 2023
(All amounts in Saudi riyals unless otherwise stated)

	Note	31 December 2023	31 December 2022 (Restated)
Revenues	29	**2,490,493,706**	2,197,055,167
Cost of revenues	30	**(2,093,151,605)**	(1,928,453,474)
Gross profit		**397,342,101**	268,601,693
Selling and marketing expenses	31	**(30,955,595)**	(29,100,064)
General and administrative expenses	32	**(91,916,666)**	(86,224,890)
Revenue from the sale of waste		**42,997,627**	42,184,135
Net profit from operating activities		**317,467,467**	195,460,874
Finance cost	33	**(91,193,606)**	(69,659,347)
Foreign currency revaluation differences		**(3,272,430)**	(11,582,966)
Expected credit losses	12.13	**(1,482,170)**	(16,014,701)
Group's share of net results from associate	9-41	**(1,576,662)**	(5,135,120)
Profit \ (loss) from sale of investments in associate	17	**1,551,453**	(12,615,563)
Gains from financial assets at fair value through profit or loss		**2,895,947**	286,125
Received dividends		**2,762,633**	7,737,683
(losses) / profits from financial derivatives	16	**(11,014,011)**	20,305,182
Other income	34	**5,050,299**	8,962,462
Formed from claims provision	25	**(42,530,113)**	(33,477,377)
Profit before zakat and income tax		**178,658,807**	84,267,252
Zakat and income tax	28	**(35,672,626)**	(33,815,179)
Net profit for the year		**142,986,181**	50,452,073
Income for the year attributable to:			
Shareholders of parent company		**141,491,850**	52,630,638
Non-controlling equity	21	**1,494,331**	(2,178,565)
		142,986,181	50,452,073
Basic and diluted earnings per share:			
From the profit of the year attributable to the company's shareholders	35	**2.21**	0.83

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements.

Chief Financial Officer	**Chief Executive Officer**	**Chairman of Board of Directors**
Muhammad Najah Tokhi	Jawad Jamil Ismail Abu Shehadeh	Ibrahim Hamad Abdullah Al-Babtain

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY
(A Saudi Joint Stock Company)
Consolidated statement of other comprehensive income
For the year ended 31 December 2023
(All amounts in Saudi riyals unless otherwise stated)

	Note	31 December 2023	31 December 2022 (Restated)
Net profit of the year		**142,986,181**	50,452,073
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Revaluation gain \ loss of financial assets at fair value through other comprehensive income	8	**(15,383,757)**	3,914,970
Re-measurement gain on end-of-service benefits	24	**(8,640,499)**	7,190,679
Items that can be reclassified to profit or loss			
Foreign currency revaluation differences		**(14,692,066)**	(34,764,675)
Total other comprehensive income		**(38,716,322)**	(23,659,026)
Total comprehensive income for the year		**104,269,859**	26,793,047
Comprehensive income for the year attributable to			
Shareholders of the parent company		**102,931,386**	28,971,612
Non-controlling interest		**1,338,473**	(2,178,565)
		104,269,859	26,793,047

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements.

Chief Financial Officer	**Chief Executive Officer**	**Chairman of Board of Directors**
Muhammad Najah Tokhi	Jawad Jamil Ismail Abu Shehadeh	Ibrahim Hamad Abdullah Al-Babtain

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY
(A Saudi Joint Stock Company)
Consolidated statement of equity
For the year ended 31 December 2023
(All amounts in Saudi riyals unless otherwise stated)

	Share capital	Statutory reserve	Foreign currency exchange reserve	Investment at fair value through FVTOCI reserve	Actuarial gain / (loss)	Retained earnings	Total equity attributable to the Shareholders of parent company	Non-controlling equity	Total shareholders' equity
For the year ended at 31 December 2022									
Balance at 1 January 2022(previously reported)	426,313,120	127,893,936	(60,265,098)	(35,256,672)	(1,288,761)	377,767,089	835,163,614	15,427,262	850,590,876
Effect of restatement (note 40)	-	-	-	-	-	(20,156,148)	(20,156,148)	-	(20,156,148)
Balance as of 1 January 2022 (after restatement)	426,313,120	127,893,936	(60,265,098)	(35,256,672)	(1,288,761)	357,610,941	815,007,466	15,427,262	830,434,728
Net profit for the year (restated)	-	-	-	-	-	52,630,638	52,630,638	(2,178,565)	50,452,073
Other comprehensive income items	-	-	(34,764,675)	3,914,970	7,190,679	-	(23,659,026)	-	(23,659,026)
Total comprehensive income for the year	-	-	(34,764,675)	3,914,970	7,190,679	52,630,638	28,971,612	(2,178,565)	26,793,047
Adjustments (note 40)	-	-	-	-	-	558,192	558,192	(439,045)	119,147
Increase in the share capital of Al-Babtain Metal Galva Limited Company	-	-	-	-	-	-	-	1,320,000	1,320,000
Dividends (note 22)	-	-	-	-	-	(21,315,656)	(21,315,656)	-	(21,315,656)
Balance at 31 December 2022	426,313,120	127,893,936	(95,029,773)	(31,341,702)	5,901,918	389,484,115	823,221,614	14,129,652	837,351,266
For the year ended at December 31, 2023									
Balance as of 1 January 2023 (previously reported)	426,313,120	127,893,936	(95,029,773)	(31,341,702)	5,901,918	417,445,085	851,182,584	14,129,652	865,312,236
Effect of restatement (note 40)	-	-	-	-	-	(27,960,970)	(27,960,970)	-	(27,960,970)
Balance as of 1 January 2023 (restated)	426,313,120	127,893,936	(95,029,773)	(31,341,702)	5,901,918	389,484,115	823,221,614	14,129,652	837,351,266
Net profit for the year	-	-	-	-	-	141,491,850	141,491,850	1,494,331	142,986,181
Other comprehensive income items	-	-	(14,692,066)	(15,383,757)	(8,484,641)	-	(38,560,464)	(155,858)	(38,716,322)
Total comprehensive income for the year	-	-	(14,692,066)	(15,383,757)	(8,484,641)	141,491,850	102,931,386	1,338,473	104,269,859
Transferred from statutory reserves to retained earnings	-	(127,893,936)	-	-	-	127,893,936	-	-	-
Transfer to share capital (note 19)	213,156,560	-	-	-	-	(213,156,560)	-	-	-
Dividends (note 22)	-	-	-	-	-	(21,315,656)	(21,315,656)	-	(21,315,656)
Balance at 31 December 2023	639,469,680	-	(109,721,839)	(46,725,459)	(2,582,723)	424,397,684	904,837,343	15,468,125	920,305,468

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements.

Chief Financial Officer	Chief Executive Officer	Chairman of Board of Directors
Muhammad Najah Tokhi	Jawad Jamil Ismail Abu Shehadeh	Ibrahim Hamad Abdullah Al-Babtain

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY
(A Saudi Joint Stock Company)
Consolidated Statement of cash flow
For the year ended 31 December 2023
(All amounts in Saudi riyals unless otherwise stated)

	Notes	31 December 2023	31 December 2022 (Restated)
Cash flows from operating activities			
Net profit before zakat & income tax		**178,658,807**	84,267,252
Adjustments for:			
Depreciation of property, plant and equipment	5	**29,341,379**	27,951,992
Amortization intangible assets	6	**2,121,004**	1,946,782
Loss/(gain) in investment in associate	9	**1,576,662**	5,135,120
provided of expected credit loss during the year	12-13	**1,482,170**	16,014,701
Gain from derivatives carried at fair value through profit and loss	16	**11,014,011**	(20,305,182)
Realized gains from the sale of investments at fair value through profit or loss	17	**(2,895,947)**	(286,125)
Inventory write down	11	**4,195,785**	2,588,365
Profits \ (loss) from the sale of investment in associate		**(1,551,453)**	12,615,563
Depreciation on right-of-use assets	10	**3,697,733**	3,867,325
Provision of Employee’s benefits	24	**10,248,660**	9,505,553
loss on disposal of property plans, and equipment		**(152,076)**	2,366
Finance costs	33	**91,193,607**	69,659,347
Provision for claims		**42,530,113**	33,477,377
Changes in operating assets and liabilities			
Inventory		**(16,118,797)**	(160,912,341)
Trade receivables		**(108,058,609)**	(205,374,686)
Contract assets		**(46,013,890)**	(4,594,764)
Prepaid expenses and other receivables		**8,673,050**	2,261,264
Trade payables and notes payables		**(48,831,340)**	(6,124,026)
Accrued expenses and other payables		**121,621,552**	56,444,847
Due to related parties		**8,493,622**	(850,054)
		291,226,043	(72,709,324)
Employees benefits paid	24	**(6,474,203)**	(12,015,759)
Provision Of zakat and income tax paid	28	**(30,552,108)**	(21,368,799)
Net cash generated from (used in) operating activities		**254,199,732**	(106,093,882)
Cash flows from investing activities			
Additions of property plant, and equipment	5	**(44,608,809)**	(39,178,972)
Proceeds from disposal of property plant and equipment		**183,950**	530,444
Additions of intangible assets	6	**(5,673)**	(2,016,438)
Proceeds from sale of financial assets at fair value through profit or loss	17	**14,853,324**	25,054,741
Proceeds from investments at fair value through OCI	8	**3,762,118**	-
Addition of financial assets at fair value through profit or loss	17	**(334,758)**	(42,354,635)
Addition work in progress		**-**	(19,319,161)
Net cash used in investing activities		**(26,149,848)**	(77,284,021)
Cash flows from financing activities			
Payment from financing facilities and long-term loans during the year		**(2,436,780,570)**	(3,388,610,646)
Proceeds from financing facilities and long-term loans during the year		**2,345,554,867**	3,657,899,163
Finance costs paid		**(86,703,716)**	(67,729,890)
Dividends paid		**(21,315,656)**	(21,315,656)
Payment of lease liabilities		**(4,748,338)**	(5,409,341)
Net cash (used in) generated from financing activities		**(203,993,413)**	174,833,630
Effect of exchange rate change on cash and cash equivalent		**(9,923,279)**	(23,512,326)
Net Change in cash and cash equivalents		**14,133,192**	(32,056,599)
Cash and cash equivalents at beginning of the year		**178,652,661**	210,709,260
Cash and cash equivalents at the end of the year		**192,785,853**	178,652,661

NON-CASH TRANSACTIONS (note 39)

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements.

Chief Financial Officer	Chief Executive Officer	Chairman of Board of Directors
Muhammad Najah Tokhi	Jawad Jamil Ismail Abu Shehadeh	Ibrahim Hamad Abdullah Al-Babtain

(All amounts in Saudi riyals unless otherwise stated)

1. LEGAL STATUS AND ACTIVITY

Al-Babtain Power and Telecommunications Company - a Saudi joint stock company (hereinafter referred to as "the company") was established under Commercial Registration No. 1010063868 issued at Riyadh on 19/2/1407 H corresponding to 23/10/1986. The Company practices its activity pursuant to the resolution of Ministry of Trade and Industry No.1304 dated 27 Jumada Al-Awal 1424 H corresponding to 27 July 2003.

The Company's activity represents The main activity of the company is represented in (designing and producing poles, masts and lanterns for lighting streets, stadiums and squares as well as towers and poles for power transmission and communications, marketing, selling and manufacturing decorative poles and LED lighting, installation, operation and maintenance of programs for telecommunications systems, computer devices and networks, mechanical and electrical equipment for factories, production of metal components Mobile solar photovoltaic tracking systems single and biaxial and fixed metal components of the solar photovoltaic system, installing, maintaining and repairing wind energy networks and generating electric energy, carrying out electrical and mechanical works, designing, supplying and installing communication systems, installing and maintaining equipment for communication systems - contracting - oil field services activity and gas).

On 31December 2023, the Company owns, directly or indirectly, majority stakes, enabling it to control subsidiaries collectively known as the "Group", and the company's business and its subsidiaries set out below are concentrated in the production of lighting poles, power transmission and accessories, power transmission towers and accessories, as well as communication towers, operation and maintenance of communication programs and systems, and the following is a statement of the subsidiaries and their activities:

On 31December 2023, the Company owns, directly or indirectly, majority shares that enable it to control subsidiaries collectively known as the "Group", and the following is a statement of the subsidiaries and their ownership ratios.

Company name	**Country of the company**	**Capital of subsidary**	**Core business**	Contribution%	
First, directly owned companies				2023	2022
Al Babtain Power and Telecommunication	**Egypt**	125,000,000EGP	Design and production of poles, masts and lanterns for street lighting, stadiums and squares, as well as towers and poles for power transmission and communications	**100%**	100%
Al Babtain LeBlanc for engineering communication limited	**KSA**	10,000,000 SR	Design, supply, and communication system installation	**100%**	100%
AL Babtain for operation & Maintenance Limited	**KSA**	500,000 SR	Installation, operation and maintenance of programs for wired and wireless communication systems, computer devices and networks, and mechanical and electrical equipment for factories	**100%**	100%
Integrated Lighting Company – limited	**KSA**	26,800,000 SR	Manufacturing, sale, and marketing the decorative pole and LED lighting	**100%**	100%
Al Babtain Qatar for Contracting (1/1/1)	**Qatar**	200,000 QR	Carrying out electrical and mechanical works	**100%**	100%
Al Babtain International Wind Power	**KSA**	5,000,000 SR	Installing, maintaining and repairing wind energy networks and generating electrical energy	**100%**	100%
Al-Babtain Metalogalva Solar Limited (2/1/1)	**KSA**	21,300,000 SR	Production of metal moving components single and biaxial solar PV tracking systems and fixed metal components for solar PV system	**60%**	60%
Second, indirectly owned companies					
Babtain LeBlanc Egypt for engineering communication (3/1/1)	**EGYPT**	35,091,000 EGP	Design, supply, and communication system installation	**99.72%**	85%
Al Babtain for Power and lighting solution	**EGYPT**	95,272,000 EGP	Production and marketing of poles, masts, galvanized metal structures and solar lighting	**100%**	100%
Al Babtain LeBlanc UAE for engineering communication	**UAE**	11,000,000 UAD	Design, supply, and communication system installation	**100%**	100%

(All amounts in Saudi riyals unless otherwise stated)

Al Babtain Meddle East for installing telecommunication systems	**UAE**	1,000,000 UAD	Installation and maintenance of communications systems equipment - Contracting - oil and gas field services activity	**70%**	70%

1/1/1 - With reference to the decision of the Board of Directors on November 2, 2017,it was approved to restructure the company due to its economic impact resulting from the political crisis of the State of Qatar with the Kingdom of Saudi Arabia, which in turn was reflected in the negative results of the group, and according to the management's decision on December 28, 2022, the completion of the Restructuring the company by activating it, and accordingly, the results, assets and liabilities of the subsidiary company were consolidated in the financial statements, and this is considered effective from the date of December 01, 2022 .

1/1/2 - The capital of Al-Babtain Metalogalva Limited Company was increased by 3,300,000 Saudi riyals, as the value of the company's share in the increase amounted to 1,980,000 riyals according to the partners' decision on October 27, 2022.

1/1/3- During the year 2022, the partners in LeBlanc Egypt Telecommunications Engineering Company, an Egyptian joint stock company, agreed to amend the ownership structure in the company, and accordingly, the percentage of group ownership in the subsidiary company increased to 99.72%, and all legal procedures were completed during the year, and according to the minutes of the extraordinary general assembly meeting, it was approved to sell a share of the shareholders to one of the subsidiaries, Al-Babtain Operation and Maintenance Company.

The Group's financial year starts from the beginning of January and ends at the end of December of the same year.

The Company operates through its following branches:

Branch Name	Issue Date	CR No.
Al-Babtain Factory for Poles and Masts (Branch)	11-3-1986	1010064131
Al-Babtain factory for lighting and distribution boards (Branch)	11-3-1986	1010064130
Al-Babtain Factory for Towers and Metal Structures (Branch)	11-29-1995	1010139399

2. BASIS OF PREPARATION

2-1 Statement of compliance and basis of preparation

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

.Certain prior year figures have been reclassified to conform to the current period's presentation (Note 37)

2-2 Basis of consolidation

The accompanying consolidated financial statements include the financial statements of Elm Company and its subsidiaries .(collectively referred as "the Group")

A subsidiary is an entity controlled by the group. The Group controls an enterprise when it has controlling interest over the investee Company and when the Company is exposed to variable returns or has rights to these returns as a result of its participation with the entity and it also has the ability to influence these returns through the power it exerts on the enterprise.

The results of subsidiaries acquired or excluded during the year are included in the consolidated statement of profit or loss and other comprehensive income from the actual acquisition date or until the actual date of disposal, as appropriate.

All inter-Company balances, assets, liabilities and equities, revenue, expenses, and cash flows related to group transactions between the Company and its subsidiaries are eliminated upon consolidation of the financial statements. The non-controlling interests in the net assets of the subsidiary are determined separately from the equity of the Company.

The accounting policies applied by the subsidiaries are in accordance with the group's accounting policies. Adjustments are made to the financial statements of the subsidiaries to comply with the financial statements of The Group, as required.

In case of loss of control over a subsidiary, it ceases to recognize the related assets (including goodwill, if applicable). liabilities, non-controlling interests and other components of equity, and the resulting gain or loss is then recognized in the consolidated statement of profit or loss.

2-2 Basis of Measurement

These Consolidated financial statements have been prepared in accordance with the historical cost principle, except for:

A- Investments Equity measured at fair value.

B- Employees' end of service benefits are recognized at the present value of future obligations using the expected unit credit method.

C- Derivative financial instruments at fair value

These Consolidated financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Company. All amounts have been rounded to the nearest Saudi Riyal, unless otherwise Stated.

3- New standards, Amendments to Standards and Interpretations:

Amendments

The following new accounting standards, interpretations and amendments to existing standards have been published by IASB and are mandatory for the accounting period beginning on 1 January 2023 or later.

3- 1New standards, interpretations and amendments effective from 1 January 2023

A number of other new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Group's consolidated financial statements.

Amendments to standard	Description	Effective for annual years beginning on or after
IAS 8	Amendments - Definition of accounting estimates	January 2023 1
IAS 1, IFRS practice statement 2	Amendments - Disclosure of Accounting Policies	January 2023 1
IAS 12	Amendments - Deferred Tax Related to Assets and Liabilities arising from a Single Transaction	January 2023 1
IFRS 17	Insurance Contracts	January 2023 1

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

Amendments to standard	**Description**	**Effective for annual years beginning on or after**
IFRS 16	Amendments - Liability in a Sale and Leaseback	January 1, 2024
IAS 1	Amendments - Classification of Liabilities as Current or Non-Current	January 1, 2024
IAS 1	Amendments - Non-current Liabilities with Covenants	January 1, 2024
IAS 7	Amendments - Supplier Finance Arrangements	January 1, 2024
IAS 21	Amendments - Lack of Exchangeability	January 1, 2025

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing these financial statements, management has used judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which are the basis for making judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. A revision of accounting estimates is recognized in the period in which the estimates are revised if the revision affects only that period, or in the revision period and future periods if the revision affects both current and future periods.

4-1 IMPORTANT JUDGMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

The following are the significant judgments, except for the estimations described below made by management in the process of applying the company's accounting policies that have a material effect on the amounts recognized in the financial statements.

4-1-1 Going concern principle

The Group's management has conducted an assessment of the Group's viability as a going concern and is convinced that the Group has the resources to continue operating for the foreseeable future. Furthermore, management is not aware of any material doubts that may raise significant doubts about the Group's viability as a going concern. Therefore, the consolidated financial statements have been prepared on the basis of the going concern principle.

4-1-2 Lease term

When determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise extension or termination options. The assessment is reviewed if there is a significant event or change in circumstances affecting this evaluation. During the current fiscal year, there was no significant financial impact from reviewing lease terms to reflect the effects of exercising extension or termination options

4-1-3 Determine the discount rate to calculate the present value

Discount rates represent the current market assessment of the risks involved in scheduling cash flows, considering the time value of money and the individual risks of the underlying assets that have not been included in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the company.

4-1-4 Classification of investments

On acquisition of an investment, management must decide whether it is to be classified as “at fair value through profit or loss” or “at fair value through other comprehensive income” or “loans and advances.” In doing so, management considers the main purpose for which bought for and how you intend to manage it, and report on its performance, and this decision determines whether it should be measured subsequently at cost or fair value and whether changes in the fair value of financial instruments are reported in the statement of profit or loss or directly within equity.

4-1-5Actuarial valuation of employees' end of service benefits

The cost of defined benefit obligation and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4-1-6 Fair value measurement and valuation process

Certain assets and liabilities of the Company have been measured at fair value for financial reporting purposes. The Company's management is responsible for determining appropriate valuation inputs and methods for measuring fair value.
In estimating the fair value of an asset or a liability, the Company uses market observable data to the extent available. In the event that Level 1 inputs are not available, the company will hire accredited third-party evaluators to conduct the assessment. Company management works closely with approved external evaluators to determine appropriate inputs and valuation techniques in the model.

4-1-7 Useful lives of property, plant and equipment and intangible assets

As explained in Note 4, the Company estimates the useful lives of its property, plant and equipment at the end of each annual reporting period. These estimates are determined after considering the expected usage of the assets or depreciation arising from physical use. Management reviews the residual value and useful lives annually and future depreciation charges will be adjusted as management believes that the useful lives differ from previous estimates.

4-2 MATERIAL ACCOUNTING POLICY INFORMATION

The Group consistently applied the following accounting policies to all periods presented in these consolidated financial statements. In addition, the Group adopted the disclosure of accounting policies (amendments to International Accounting Standard 1 and International Financial Reporting Practice Statement 2) as of January 1, 2023 The amendments require disclosure of "fundamental" accounting policies instead of "significant." The amendments did not result in any changes to the accounting policy itself, and did not fundamentally change the information disclosed in the accounting policy
The following are the significant material accounting policies used by the Group in preparing these consolidated financial statements

4-2-1 Zakat provision

The management has evaluated the zakat position taking into consideration the local zakat legislations, the resolutions issued periodically and the agreements. The interpretation of legislative decrees and agreements is not always clear and requires completion of the assessment by the zakat, tax and customs authority.

4-2-2 Impairment of non-financial asset

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

4-2-3 Allowance for impairment for trade receivables

The Group assesses on a forward-looking basis the Expected Credit Losses ("ECL") associated with its debt instruments as part of its financial assets, which are carried at amortized cost and FVOCI. For accounts receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. ECL assessment requires a several estimates related to the categorization of customers, discount rates and a general assessment of the economic conditions in the market. Management use their best estimates and historical trends of customers to assess the receivables provision under ECL model.

4-2-4 Property, Plant, and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, except for land and capital work-in-progress which are stated at cost and are not depreciated. Capital work in progress represents costs directly attributable to new projects in progress and is capitalized as property, plant and equipment when the project is completed. However, depreciation of these assets under construction begins when the asset becomes available for use.

Subsequent expenditures are capitalized only if it is probable that the future economic benefits associated with the expenditures will flow to the group and the amount can be measured reliably.

Finance costs on loans to finance the construction of qualifying assets, if any, are capitalized during the period of time required to complete and prepare the qualifying asset for use.

When parts of property, plant and equipment are cost-significant compared to the total cost of the item, and where such parts/components have a different useful life than the other parts and need to be replaced at different intervals, the group records those parts as individual assets with a definite useful life and depreciates them accordingly. All other repair and maintenance costs are recognized in the consolidated statement of profit or loss as incurred..

Depreciation is calculated from the date that an item of property, plant and equipment is available for use or in respect of self-constructed assets, from the date these assets are ready for use.

Depreciation is calculated on straight-line basis over the useful life of the asset as follows:

Description	year
Buildings	20-30
Roads and networks	10
Machine and equipment	8-20
Vehicles	4-5
Tools	5-20
Computers	4-10
Office furniture and equipment	4-10

If there is an indication that there has been a material change in the useful life or residual value of an item, future depreciation is revised to reflect the new estimates.

An item of property, plant and equipment and any significant part that is recognized initially is derecognized when it has been disposed of or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated statement of profit or loss.

Items such as spare parts, auxiliary equipment and servicing equipment, if any, are recognized in accordance with this IFRS when they meet the definition of property, plant and equipment. Otherwise, these items are classified as inventory.

4-2-5 Impairment

The carrying values of property, plant 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 is performed, is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups 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.

4-2-6 Annual review of residual lives and useful lives

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. If expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate.

4-2-7 Componentization of assets

Property, plant and equipment (PPE) is often composed of various parts with varying useful lives or consumption patterns. These parts are (individually) replaced during the useful life of an asset, accordingly:

• Each part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately, except where one significant part has a useful life and a depreciation method that is the same as those of another part of that same item of PPE; in which case, the two parts may be grouped together for depreciation purposes;

• Under the component approach, the Group does not recognize in the carrying amount of an item of PPE the costs of the day-to-day servicing of the item. These costs are recognized in the consolidated statement of profit or loss as incurred. The various components of assets are identified and depreciated separately only for significant parts of an item of PPE with different useful lives or consumption patterns; however, the principles regarding replacement of parts (that is, subsequent cost of replaced part) apply generally to all identified parts, regardless whether they are significant or not.

4-2- 8 Capital Spare Parts

The Group classifies CSPs into critical spare parts (strategic spare parts) and general spare parts using the below guidance:

• A critical spare part is one that is on "stand-by", i.e. probable to be a major item / part critical to be kept on hand to ensure uninterrupted operation of production equipment. They would normally be used only due to a breakdown, and are not generally expected to be used on a routine basis. Depreciation on critical spares commences immediately on the date of purchase.

• General spare parts are other major spare parts not considered critical and are bought in advance due to planned replacement schedules (in line with prescribed maintenance program) to replace existing major spare parts with new parts that are in operation. Such items are considered to be "available for use" only at a future date, and hence depreciation commences when it is installed as a replacement part. The depreciation period for such general capital spares is over the lesser of its useful life, and the remaining expected useful life of the equipment to which it is associated.

4-2-9 work in Progress

Projects in progress are stated at cost less impairment losses. All expenses incurred during the installation and construction period are recorded and charged to projects in progress, then the cost of assets in progress is transferred to the appropriate category of property and equipment when they are ready to use.

The cost of projects in progress includes purchase costs and costs that are directly attributable to bringing the assets in progress for their intended use or purpose.

4-2-10 Investment Propertius

Investment properties include properties held for capital appreciation or long-term rental income or both and are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Real estate investments also include real estate that is being constructed or developed for future use as investment real estate. In addition, land, if any, held for indefinite use is classified as investment property and is not depreciated.

When the development of real estate investments commences, they are classified as "projects in progress" until development is completed, at which time they are transferred to the respective category and depreciated using the straight-line method at rates calculated to reduce the cost of the assets to their estimated residual value over their expected useful life of 15 years. to 21 years old. Buildings on leasehold land are depreciated over the lease term or useful life, whichever is shorter.

Maintenance and normal repairs that do not materially extend the estimated useful life of the asset are charged to the consolidated statement of profit or loss as incurred.

4-2-11 Intangible Assets

The Intangible assets acquired separately are measured at cost on initial recognition. After initial recognition, intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets with finite lives are amortized over their economic life of 6 to 7 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of profit or loss and expense in the expense category consistent with the function of the intangible asset.

The residual values of intangible assets, useful lives and indicators of impairment are reviewed at the end of each financial year and adjusted prospectively, if necessary.

4-2-12 In return for emptying land

It represents the consideration for emptying the land in the amounts initially paid, other than the rent, in exchange for usufruct rights to non-owned lands used for the company's purposes. These amounts are amortized using the straight-line method over the estimated period of its future benefit over the period of the lease term, and it is amortized over a period of 26 years.

4-2-13 Automated software application costs

The costs of automated software applications are the costs of licensing automated software after deducting the accumulated amortization expenses, and they are amortized using the straight-line method over the estimated period of use and are amortized over a period of 10 years.

4-2-14 Research and Development Costs

Development expenditures are capitalized if they can be measured reliably and the product, service or process is technically and practically economically feasible and has potential future economic benefits from development and that the company intends and has full resources to complete the development and then the asset can be used and sold. The capitalized costs include the cost of materials, labor and other related additional expenses Immediately by preparing the asset for use, it is measured at cost after deducting the amortization expenses and any decrease in value, and it is amortized using the straight-line method over the related benefit periods.

4-2-16 Net realizable value and inventory allowance

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and sale. Net realizable value is typically measured individually for inventory items. This occurs when items related to the same production line (having the same purpose and final use) have been produced and marketed in the same geographic area. The practice of reducing inventory value to less than cost to net realizable value is consistent with the perspective provided in International Financial Reporting Standards, which states that assets should not be carried at amounts expected to be realized from their sale. An allowance is formed for slow-moving, obsolete, and damaged inventory. Damaged inventory is identified and its value reduced during inventory counts. The allowance for slow-moving and obsolete inventory is evaluated for each category of inventory as part of its ongoing financial reporting. Obsolescence is assessed based on a comparison of inventory levels with expected future potential sales.

4-2-17 Inventory write-down and obsolete inventory allowance

Management establishes an allowance for slow-moving, obsolete, and damaged inventory items. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made. These estimates take into account price fluctuations or costs directly associated with events occurring after the balance sheet date to the extent that these events confirm the conditions existing at year-end.

4-2-18 Cash and cash equivalents

Cash and cash equivalents include cash in banks and bank deposits that mature after three months or less, if any. It also includes bank overdrafts that are an integral part of the company's cash management and are likely to fluctuate from overdraft to positive balances.

4-2-19 Impairment of non-financial assets

At each reporting date, the non-financial assets are reviewed to determine whether there is an indication that those assets have incurred an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of similar assets), is estimated and compared to its carrying amount. If the estimated recoverable amount is less the carrying amount is reduced to its estimated recoverable amount, and the impairment loss is recognized immediately in the consolidated statement of profit or loss.

Impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is greater than its fair value less costs of disposal and value in use. The recoverable amount is sensitive to the discount rate used for the (discounted cash flow) model as well as expected future cash flows and the growth rate used for extrapolation purposes.

Similarly, at each reporting date, inventory is assessed for any impairment by comparing the carrying amount of each inventory asset (or group of similar assets) to its selling price less costs to complete and sell. If there is a decrease on one of the inventory asset (or group of similar asset), its carrying amount is reduced to the selling price less the costs necessary to complete and sell, and the impairment loss is recognized immediately in the statement of profit or loss.

When the impairment loss entry is subsequently reversed, the carrying amount of the assets (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and selling, in the case of inventory), provided that the carrying amount does not increase in excess of the carrying amount that would have been determined had no impairment loss been recognized for those assets for the previous year. The reversal of the impairment loss is recognized immediately in the statement of comprehensive income or comprehensive loss.

4-2-20 Investment in Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. In case the shareholding in an associate do not create significant influence, the Group classify this investment as fair value through profit or loss.

Investments in associates are accounted for using the equity method of accounting. 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 the profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate. The Group’s share of post-acquisition profit or loss is recognized in the consolidated statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to "share of profit/ (loss) of associates" in the consolidated statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates.

Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognized in the consolidated statement of profit or loss.

4-2-21 Statutory Reserve

In accordance with the Company's by-laws and the Regulations for Companies in Kingdom of Saudi Arabia valid up to January 2023, the Company is required to transfer 10% of the net profit of the year to statutory reserve until such reserve reaches 30% of the capital. However, with the introduction of the new Regulations for Companies in Kingdom of Saudi Arabia, the requirement to maintain the statutory reserve is no longer in effect.

4-2-22 Provisions

A provision is recognized if, as a result of past events, it appears that the company has a present legal or contractual obligation whose amount can be estimated reliably and that it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that payment will be received, and the amount of the receivable can be measured reliably.

4-2-23 Contingent liabilities

All possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence one or more uncertain future events that are not under the full control of the company, or all current obligations arising from past events but not established for the following reasons:

- There is no possibility that an outflow of resources embedded in the economic benefits will be required to settle the obligation, or

- The obligation amount cannot be measured sufficient reliability; they all must be evaluated at each statement of financial position and disclosed in the company financial statements as Contingent liabilities.

4-2-24 Borrowings

Borrowings are initially recognized at fair value (as proceeds received). Net of transaction costs, if any. Subsequent to initial recognition, long-term loans are measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of profit or loss over the term of the borrowings using the effective interest rate method. Fees paid on loan facilities are recognized in transaction costs of the loan to the extent.

That it is probable that some or all of the facility will be withdrawn. In this case, the fees are deferred until the facility is withdrawn, and the fees are capitalized within the advance payments for liquidity services to the extent that there is no evidence that part or all of the facility may be withdrawn, and are amortized over the period of the related facility.

Borrowings are derecognized in the consolidated statement of financial position when the obligation is discharged, canceled or expires. The difference between the carrying amount of a financial liability that has been amortized or transferred to a third party and the consideration paid, including non-monetary assets transferred or liabilities assumed, is recognized in the consolidated statement of profit and loss in other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year.

General and specific borrowings directly related to the purchase, construction or production of assets eligible for capitalization are capitalized over the period of time required to complete and prepare the asset for its intended use or sale, as appropriate. Qualifying assets are assets that necesSRily take a significant period of time to become ready for use or sale for which they are intended. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

4-2-25 Zakat and income tax

The Saudi Shareholders of the Group are subject to zakat calculated in accordance with the regulations of the Zakat, Tax and Custom Authority (ZATCA) computed at 2.5% and the foreign shareholders are subject to income tax at a flat rate of 20% on the taxable income. A provision for zakat and income tax for the Group and zakat related to the Group’s subsidiary is charged to the consolidated statement of profit or loss. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined and settled .against any previously provided provisions, if any

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law

4-2-26 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with accounting and tax depreciation on property, plant and equipment, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with accumulated tax losses only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4-2-27 Employee benefits

The liability or recognized asset in the Unified Financial Statement in relation to defined benefits. The end-of-service bonus plan for employees represents the present value of the liability for defined benefits at the end of the reporting year. The liability for defined benefits is calculated annually by independent actuaries using the .expected unit credit method

The present value of the liability for defined benefits is determined by discounting the estimated future outflows of cash using interest rates of high-quality corporate bonds denominated in the currency in which the bonuses will be paid, with terms that approximate those of the related liability

Defined benefit costs are classified as follows:

Service cost

Service costs include the current service, and the previous service is recognized in the consolidated statement of profit or loss immediately.

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

Interest cost

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

Re-measuring gains or losses

Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur in the consolidated statement of other comprehensive income.

4-2-28 Foreign currencies

Transactions in foreign currencies are initially recorded by the Group at the spot rates of its own functional currency on the date that the transaction qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates of the functional currency at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of profit or loss.

4-2-29 Financial Assets

4-2-29-1 Classification of Financial Assets

On initial recognition, financial assets are classified as measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. However, the Group as at the reporting date only holds financial assets carried at amortized cost, fair value through profit or loss and fair value through other comprehensive income.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial asset at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in comprehensive income. On derecognition, gains and losses accumulated in comprehensive income are reclassified to profit or loss.
Equity investments at FVTCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains and losses are recognized in the comprehensive income and are never reclassified to profit or loss.

Derecognition of financial assets

A financial asset or part of a financial asset is derecognized when:

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

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay

A) The Group has transferred substantially all the risks and rewards of the assets, or

B) The Group does not transfer or retain substantially all the risks and rewards of the asset and does not retain control of the financial asset

Impairment of financial assets

The Group assesses on a forward-looking basis the lifetime expected credit losses associated with its financial assets carried at amortized cost.

The Group applies the simplified approach as permitted by IFRS 9, which requires the recognition of lifetime expected losses from initial recognition of receivables.

The Group uses a provision matrix in calculating expected credit losses on receivables to estimate lifetime expected credit losses, applying certain allowance rates to contractual obsolescence groups that are past due. The provision matrix has been developed keeping in mind the probability of default and loss given default which is derived from the Group's historical statements and adjusted to reflect the expected future outcome which includes macroeconomic factors.

Other instruments are considered low risk and the Group uses a provisional matrix in calculating expected credit losses.

A financial asset is written off only when:

A - It is past due, and

B - There is no reasonable expectation of recovery

4-2-29-2 Initial recognition

Financial liabilities are initially recognized at fair value and in the case of borrowings and facilities, the fair value of the consideration received less directly attributable transaction costs.

Subsequent measurement

After initial recognition, the financial liability is subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of profit or loss when the liabilities are derecognized, as well as through the amortization process.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the obligation is discharged, canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability, and the difference in the related carrying amounts is recognized in the statement of profit or loss.

Derivative financial instruments

Financial derivatives are financial contracts that derive their value from an underlying asset. Financial derivatives include many: options, guarantees, futures contracts, customer swaps, and interest rates. The group is obligated to disclose and report the profits and losses of financial derivatives in accordance with IAS 7. All derivative financial instruments are measured at fair value through profit or loss.

These derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into, and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive, and as financial liabilities when the fair value is negative.

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is recorded in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The right must not be legally enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Fair value hierarchy of financial instruments

The Group classifies the fair value of its financial instruments in the following hierarchy based on the inputs used in its valuation:

Level one

The fair value of financial instruments listed in active markets is based on the closing price quoted at the consolidated statement of financial position date. Examples include commodity derivatives and other financial assets such as equity investment and debt securities.

Level two

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques using observable market data. These valuation methods include discounted cash flows, standard valuation models based on market standards for interest rates, yield curves or foreign exchange rates, dealer rates for similar instruments, and the use of comparable business transactions.

Level three

The fair value of financial instruments that are measured based on the entity's own valuations using inputs not based on observable market data (unobservable inputs).

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and liability and of allocating interest income and expense over the relevant period. The effective interest rate is the rate the exact discounts estimated future cash receipt (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where applicable, the period shorter to net book value on initial recognition.

4-2-30 Assets held for sale

Non-current assets or groups of exclusion that include assets and liabilities are classified as assets held for sale if their book value is highly likely to be recovered mainly through a sale transaction rather than through continued use.

These assets or groups of disposals are typically measured at their book value or fair value less the costs of their elimination, whichever is lower. Impairment losses are recognized at initial classification as held for sale and subsequent gains and losses are recognized upon remeasurement in the consolidated statement of profit or loss.

4-2-31 Value added Tax

Expenses and assets are recognized after deducting the VAT amount, except:

- where VAT incurred on the purchase of assets or services is not recoverable from the tax authorities, in which case VAT is recognized as part of the cost of purchasing the asset or as part of the expense of the item, where applicable, and/or

- When showing receivables and payables including VAT amount

The net amount of VAT recoverable from/or due to the tax authorities is included either as part of prepaid expenses and other current assets or accrued expenses and other current liabilities in the consolidated statement of financial position.

4-2-32 Lease contracts

a) The Group as a lessee

The Group assesses whether a contract is, or contains, a lease, at the inception of the contract. The Group recognizes the right of use assets and a corresponding lease liability in respect of all lease arrangements in which it is the lessee. Except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as tablets, personal computers, small items of office furniture and phones). For such leases, the Group recognizes lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are amortized.

The lease liability is initially measured at the present value of the lease payments that are not paid on the commencement date, discounted using the rate included in the lease. If this rate cannot be easily determined, the Group uses the incremental borrowing rate.

The lease payments included in the measurement of the lease liability include:

Fixed lease payments (including substantial fixed payments), less any lease incentives receivable;

Variable lease payments that are dependent on an index or rate, initially measured using the index or rate at the commencement date;

The amount expected to be paid by the lessee under the residual value guarantees.

The exercise price of the purchase options, if the lessee is reasonably certain to exercise the options; And

Payment of lease termination penalties, if the lease term reflects the exercise of the option to terminate the lease.

The lease liability is presented as a separate line item in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments paid.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

The lease term has changed or there has been a significant event or change in circumstances that has led to a change in the assessment of the exercise of the purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using the revised discount rate.

Lease payments change due to changes in an index or rate or a change in an expected payment with a guaranteed residual value, in which cases the lease liability is re-measured by discounting the modified lease payments using an unchanged discount rate (unless the lease payments change due to a change in the interest rate variable, in which case a modified discount rate is used).

The lease is modified and the lease modification is not counted as a separate lease, in which case the lease liability is re-measured based on the term of the modified lease by discounting the modified lease payments using the revised discount rate in effect on the modification date.

The Group has not made any such adjustments during the periods presented.

The right of use assets includes the initial measurement of the corresponding lease liability, lease payments made on or before the commencement day, less any lease incentives received and any initial direct costs. It is subsequently measured at cost less accumulated depreciation and impairment losses. When the Group incurs an obligation for the costs of dismantling and removing a leased asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, the provision is recognized and measured under IAS 37. To the extent the costs relate to the right of use assets, the provision is recognized and measured under IAS 37. The costs are included in the right-of-use of the related asset, unless those costs are incurred to produce the inventory.

The right to use asset is amortized over the shorter lease term and the useful life of the right to use the asset. If the lease transfers ownership of the underlying asset or the cost of the right to use the asset reflects that the company expects to exercise the purchase option, the right to use the related asset is amortized over the useful life of the underlying asset. Depreciation begins on the start date of the lease.

The right to use assets is presented as a separate line item in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired or not and calculates any identified impairment loss as described in the “Property, plant and equipment” policy.

Variable leases that do not depend on an index or rate are not included in the measurement of the lease liability and right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition giving rise to those payments occurs and is included in the 'other expenses' line item in the consolidated statement of profit or loss.

As a practical expedient, IFRS 16 allows a lessee not to separate non-lease components, and instead to account for any lease and associated non-lease components as a single arrangement. The Group did not use this practical method. For contracts that contain a lease component and one or more additional or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the independent relative price of the lease component and the stand-alone total price of the non-lease components.

b) The Group as a lessor

The Group enters into lease contracts as a lessor in respect of certain of its investment properties.

Leases for which the Company is a lessor are classified as financing or operating leases. When the terms of a lease transfer substantially all of the risks and benefits of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the company is an intermediary lessor, it counts the master lease and the sub-lease as two separate contracts. A sublease is categorized as a finance or operating lease by reference to the right to use the asset arising from the underlying lease. rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. The initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the term of the lease.

Amounts due from lessees under finance leases are recognized as receivables at the value of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so that it reflects a constant periodic rate of return on the Group's net investment outstanding in relation to the leases.

After initial recognition, the Group regularly reviews the estimated unsecured residual value and applies impairment requirements in accordance with IFRS 9, recognizing the provision for expected credit losses on the lease receivable.

Finance lease income is calculated by reference to the total carrying amount of the lease receivable, except for credit-impaired financial assets for which interest income is calculated by reference to their amortized cost (ie, after deducting the loss allowance).

When a contract includes both lease and non-lease components, the company applies IFRS 15 to allocate the consideration under the contract to each component.

4-2-33 Financing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized over the period of time necessary to complete and prepare the asset for its intended use or sale. Other finance costs are expensed in the period in which they are incurred and are recorded as 'finance expenses'. Finance costs consist of interest and other costs that the company incurs in connection with the borrowing of funds.

4-2-34 Revenue recognition

Revenue consists of the fair values of consideration received or accrued from the sale of goods and the provision of services in the normal course of the Group's activities taking into account contractually defined payment terms. Revenue is recorded in net after discounts, incentives and reductions.

Revenue is recognized when it can be reliably measured, when the economic benefit is likely to accrue to the Group and when specific criteria are met for each of the Group's activities as described below.

The Group recognizes revenue under IFRS 15 using the following five-step model:

Step 1: Identify the contrac with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price.	The transaction price is the amount of consideration to which the Group expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price	For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled i exchange for satisfying each performance obligation.
Step 5: Revenue recognition	The Group recognizes revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Identify the contract with the customer

The Group carefully evaluates the terms and conditions of contracts with its customers because revenue is recognized only when the performance obligations in contracts with customers are satisfied. A change in the scope or price of the contract (or both) is considered a contract modification and the Group determines whether that change will be considered a new contract or counted as part of an existing contract.

Identify the performance obligations

Once the Group has identified a contract with a customer, it evaluates the contractual terms and customary business practices to determine all of the agreed services within the contract and determine which of those agreed services (or Group of agreed services) will be treated as separate performance liabilities.

Determine the transaction price

The Group determines the transaction price as the amount it expects to receive. It includes an estimate of any variable consideration, the effect of a significant financing component (ie the time value of money), the fair value of any non-cash consideration and the effect of any consideration paid or owed to a customer (if any). The variable consideration is limited to the amount by which it is probable that a material reversal in the amount of cumulative revenue recognized will not occur when the uncertainties associated with the variable consideration are subsequently clarified.

The amount of consideration is determined based on the transaction price agreed with the customers and there are no other promises in the customer contract that are identified as separate performance obligations for which a portion of the transaction price must be allocated. In determining the transaction price for the services, the Group considered the effects of variable consideration, the presence of significant financing components, the non-cash consideration and consideration payable to the customer (if any) and concluded that such considerations are not included in the transaction price.

Contract modifications, for example change orders, are accounted for as part of the existing contract, with a cumulative revenue adjustment. For material contract modifications, a separate contract may be recognized, based on management's assessment of the following factors:

• The scope of the contract increases due to the addition of the promised distinct goods or services; And the

• The contract price is increased by an amount that reflects the entity's independent selling prices for the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract.

There were no substantial contract modifications during the year ended 31 December 2022 .

Allocate the transaction price

When determining the performance obligations and the transaction price, the transaction price is allocated to the performance obligations, usually in proportion to their stand-alone selling prices (ie on the basis of the relative future selling price). In determining stand-alone selling prices, the Group is required to use observable information, if available. If standalone selling prices are not directly observable, the Group uses estimates based on reasonably available information.

Revenue recognition

The Group recognizes revenue in accordance with the terms and conditions of contracts with customers to the extent that performance obligations relating to customer contracts are fulfilled by the Group by transferring control of an agreed service to the customer. It is possible to transfer control over time or at a certain point in time. When a performance obligation is satisfied over a period of time, the Group determines progress under the contract based on an input or output method that best measures performance completed to date. The specified method is applied consistently to similar performance obligations and in similar circumstances. The Group believes that it fulfills the performance obligations in its contracts with customers over time in relation to the installation, operation and maintenance of communication systems and related services, and at a certain point in time for the rest of the types of revenue, and then it realizes revenue when it fulfills its obligations under its contracts with customers.

4-2-35 Service warranties and provisions

Service warranties

Some goods sold by the group include warranties which require the group to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with IFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. On some product lines, a customer is able to take out extended warranties. These are accounted for as separate performance obligations, with the revenue earned recognised on a straight-line basis over the term of the warranty.

Provisions

Provisions are recognized when the Group has:
• a present legal or constructive obligation as a result of a past event;
• it is probable that an outflow of economic resources will be required to settle the obligation in the future; and
• the amount can be reliably estimated.

If the effect of the time value of money are 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 liability.

Where there are a number of similar obligations, (e.g. product warranties, similar contracts or other provisions) the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

4-2-36 Nnon-controlling interests

For Business combinations the Group has the choice, on a transaction-by-transaction basis, to initially recognise any non-controlling interest in the acquiree which is a present ownership interest and entitles its holders to a proportionate share of the entity's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

4-2-37 Selling, distribution, general and administrative expenses

Selling, distribution, general and administrative expenses include direct and indirect costs that are not specifically part of cost of sales. Allocation between cost of sales and selling, distribution, general and administrative expenses, when required, is made on a consistent basis. The Group recognizes marketing support from vendors in selling and distribution expenses on an accrual basis.

4-2-38 Earnings / (Loss) per share

Basic earnings / (loss) per share

Basic earnings per share is calculated by dividing:

• the profit / (loss) attributable to owners of the Group, 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, and

• the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

4-2-39 Segment reports

Operational Segment

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

Segment results that are reported to the operating decision maker include items directly attributable to the segment as well as those that can be allocated on an appropriate basis. Head office expenses, research and development costs, related assets/liabilities, and zakat assets and liabilities.

The group in the Kingdom of Saudi Arabia has five operational sectors (towers and metal structures - poles and lighting - design, supply and installation of solar energy - head office). Each segment has reached the quantitative limits referred to in IFRS 8 Segment Reporting Standard. Accordingly, reports on operating segments have been disclosed in the accompanying consolidated financial statements.

Geographical Segmental

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

4-2-40 Dividends

Cash or non-cash distributions to shareholders are recognized as liabilities when the distribution is approved, and according to the Companies Law in the Kingdom of Saudi Arabia, dividends are approved when approved by the shareholders. The amount distributed is deducted directly from equity and recognized as a liability.

4-2-41 Remuneration of Board Members

Board members' remuneration, which includes attendance and meeting fees, remunerations and expenses, is disbursed and is in accordance with the requirements of the Companies Law and the guidelines set by the Capital Market Authority and the company's articles of association.

(All amounts in Saudi riyals unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT

	Lands	Buildings	Roads and networks	Machines and equipment	Vehicles	Tools	Computers	Office furniture and equipment	Work in progress	Total
Cost										
Balance as at 1 January 2023	57,200,560	224,476,749	10,130,891	421,519,544	25,724,821	12,748,154	12,852,383	14,669,989	29,955,778	809,278,869
Additions during the year	-	29,672	-	10,649,154	1,559,821	1,418,395	1,129,248	480,219	29,342,300	44,608,809
Transferred from work in progress	-	30,464,939	2,702,639	6,865,121	-	-	-	3,240,382	(43,273,081)	-
Disposals during the year	-	-	-	(56,609)	(1,385,313)	(12,734)	(978,196)	(59,217)	-	(2,492,069)
Foreign currency translation differences	(567,214)	(2,208,291)	(593,657)	(3,174,377)	(180,283)	(52,009)	(159,976)	(162,960)	(619,632)	(7,718,399)
Balance as at 31 December 2023	56,633,346	252,763,069	12,239,873	435,802,833	25,719,046	14,101,806	12,843,459	18,168,413	15,405,365	843,677,210
Accumulated depreciation										
Balance as at 1 January 2023	-	87,238,509	4,637,836	268,874,707	23,739,604	10,200,229	10,278,602	9,135,731	-	414,105,218
depreciation during the year	-	8,666,591	764,447	16,163,632	786,546	952,623	1,014,593	992,947	-	29,341,379
Disposals during the year	-	-	-	(68,292)	(1,375,664)	(8,834)	(969,962)	(37,443)	-	(2,460,195)
Foreign currency translation differences	-	(802,678)	(216,300)	(1,550,421)	(159,425)	(42,139)	(130,616)	(109,369)	-	(3,010,948)
Balance as at 31 December 2023		95,102,422	5,185,983	283,419,626	22,991,061	11,101,879	10,192,617	9,981,866		437,975,454
Net book value as at 31 December 2023	56,633,346	157,660,647	7,053,890	152,383,207	2,727,985	2,999,927	2,650,842	8,186,547	15,405,365	405,701,756

Depreciation expense has been distributed as follows	Note	2023	2022م
Cost of revenues	30	26,084,247	24,428,380
Selling and marketing expenses	31	434,174	414,042
General and administrative expenses	32	2,822,958	3,109,570
		29,341,379	27,951,992

(All amounts in Saudi riyals unless otherwise stated)

5. Property, plant and equipment

	Lands	Buildings	Roads and networks	Machines and equipment	Vehicles	Tools	Computers	Office furniture and equipment	Work in progress	Total
Cost										
Balance as at 1 January 2022	55,372,162	237,196,618	12,121,315	402,272,001	24,716,807	11,239,101	10,341,543	13,783,463	3,590,482	770,633,492
Additions during the year	-	284,256	-	3,021,204	292,729	770,050	950,984	1,005,798	41,418,707	47,743,728
Transferred from work in progress	-	541,739	-	12,983,393	-	3,409	847	33,043	(13,562,431)	-
Disposals during the year	-	-	-	(820,421)	(105,759)	(118,606)	(324,111)	(494,538)	(344,121)	(2,207,556)
Foreign currency translation differences	1,828,398	(13,545,864)	(1,990,424)	4,063,367	821,044	854,200	1,883,120	342,223	7,417,897	1,673,961
Balance as at 31 December 2022 (restated)	57,200,560	224,476,749	10,130,891	421,519,544	25,724,821	12,748,154	12,852,383	14,669,989	38,520,534	817,843,625
Accumulated depreciation										
Balance as at 1 January 2022(restated)	-	75,367,718	5,931,419	245,108,673	22,348,257	8,687,543	8,456,171	8,596,960	-	374,496,741
Charge for the year	-	8,769,043	477,909	14,998,854	798,328	911,491	916,403	1,079,964	-	27,951,992
Depreciation of disposals	-	-	-	(744,045)	(29,171)	(101,457)	(305,536)	(494,537)	-	(1,674,746)
Foreign currency translation differences	-	3,101,748	(1,771,492)	9,511,225	622,190	702,652	1,211,564	(46,656)	-	13,331,231
Balance as at 31 December 2022(restated)	-	87,238,509	4,637,836	268,874,707	23,739,604	10,200,229	10,278,602	9,135,731	-	414,105,218
Net book value as at 31 December 2022(restated)	57,200,560	137,238,240	5,493,055	152,644,837	1,985,217	2,547,925	2,573,781	5,534,258	38,520,534	403,738,407

5-1: The buildings above include buildings with a net book value as of December 31, 2023, amounting to SR 134,757,763 (2022: SR 137,328,240), situated on three leased lands from the Saudi Industrial Property Authority in Riyadh and Dammam, under nominal annual rent agreements expiring on 26 Sha'ban 1452 H (corresponding to 21 December 2030), 13 Ramadan 1454 H (corresponding to 16 December 2032), and 5 Rabi' al-Thani 1456 H (corresponding to 21 June 2034)

5-2: The properties, machinery, and equipment above include depreciated assets with a net book value as of 31 December 2023, amounting to SR 218,394,612 (2022: SR 192,069,722), and are still in service

5-3 The item of Property, Plant, and Equipment above includes assets pledged to the Industrial Development Fund against loans obtained amounting to SAR 245,115,722 as of December 31, 2023 (2022: SAR 234,128,847)

(All amounts in Saudi riyals unless otherwise stated)

6. INTANGIBLE ASSETS

	Emptying lands charge	Automated software applications	Research, development and equity	Total
Cost				
Balance as at 1 January 2023 (restated)	**7,049,328**	**18,264,062**	**9,015,332**	**34,328,722**
Additions during the year	**-**	**5,673**	**-**	**5,673**
Foreign currency translation differences	**-**	**(70,200)**	**-**	**(70,200)**
Balance as at 31 December 2023	**7,049,328**	**18,199,535**	**9,015,332**	**34,264,195**
Accumulated amortization				
Balance beginning of the year	**7,049,328**	**15,010,332**	**4,956,064**	**27,015,724**
amortization for the year		**385,655**	**1,735,349**	**2,121,004**
Foreign currency translation differences		**(50,017)**		**(50,017)**
Balance end of the year	**7,049,328**	**15,345,970**	**6,691,413**	**29,086,711**
Net book value As at 31 December 2023	**-**	**2,853,565**	**2,323,919**	**5,177,484**

	Emptying lands charge	Automated software applications	Research, development and equity	Total
Cost				
Balance as at 1 January 2022(restated)	7,049,328	16,632,839	8,671,212	32,353,379
Additions during the year	-	1,672,318	344,120	2,016,438
Disposals during the year	-	(2,775)	-	(2,775)
Differences in property and equipment translation	-	(38,320)	-	(38,320)
Balance as at 31 December 2022 (restated)	7,049,328	18,264,062	9,015,332	34,328,722
Accumulated amortization				
Balance as at 1 January 2022	7,049,328	14,752,649	3,269,740	25,071,717
Charge for the year	-	260,458	1,686,324	1,946,782
Disposals	-	(2,775)	-	(2,775)
Balance as at 31 December 2022 (restated)	7,049,328	15,010,332	4,956,064	27,015,724
Net book value As at 31 December 2022	-	3,253,730	4,059,268	7,312,998

	Emptying lands charge	Automated software applications	Research, development and equity	Total
Cost				
Balance as at 1 January 2021(restated)	7,049,329	14,554,829	7,830,283	29,434,441
Additions during the year	-	2,018,051	840,929	2,858,980
Disposals during the year	-	(61,327)	-	(61,327)
Differences in property and equipment translation	-	121,285	-	121,285
Balance as at 31 December 2021 (restated)	7,049,329	16,632,838	8,671,212	32,353,379
Accumulated amortization				
Balance as at 1 January 2021	7,049,329	14,495,982	1,703,355	23,248,666
Charge for the year	-	226,144	1,566,385	1,792,529
Disposals	-	(61,327)	-	(61,327)
Differences in property and equipment translation	-	91,849	-	91,849
Balance as at 31 December 2021	7,049,329	14,752,648	3,269,740	25,071,717
Net book value as at 31 December 2021(restated)	-	1,880,190	5,401,472	7,281,662

(All amounts in Saudi riyals unless otherwise stated)

Amortization expense has been distributed as follow:	**Note**	**2023**	2022	2021
Cost of revenues	30	1,735,349	1,710,205	1,566,385
General and administrative expenses	32	385,655	236,577	226,144
		2,121,004	1,946,782	1,792,529

7.INVESTMENTS PROPERTIES

	31 December 2023	31 December 2022
Balance at the beginning of the year	48,396,240	29,077,079
Additions during the year	-	19,319,161
Balance at the end of the year	48,396,240	48,396,240

The following is the measurement data for fair value in accordance with International Financial Reporting Standard No. "13" as of 31 December 2023:

Properties	Evaluation Method	Purpose	Important inputs and assessment assumptions	Fair value as at 31 December 2023	Fair value as at 31 December 2022
The land of Al-Jazirah neighborhood - east of Riyadh	Sales comparison method	Knowing the market value	Comparative selling price	157,508,162	**100,120,0000**
The land of Al- Musfat neighborhood - Riyadh	Sales comparison method	Knowing the market value	Comparative selling price	32,113,243	**29,402,000**

As stated in the fundamental accounting policies, investment lands are shown at cost. The fair value of investment lands amounted to 189,621,405 as of December 31, 2023 AD, 31 December 2022 AD 129,522,000 Saudi riyals according to for the evaluation process carried out by real estate evaluators, Gulf Valuations Company for real estate evaluator, membership number 1210000071, an independent evaluator accredited by the Saudi Authority for Accredited Evaluators
Measuring the fair value of investment lands is classified within the third level of the fair value hierarchy
All investment lands are located in the Kingdom of Saudi Arabia

8. INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Ownership percentage			
	2023	**2022**	**31 December 2023**	31 December 2022
Mina Juice Limited - Turkey (8/1)	5.9%	**8.015%**	**51,178,729**	66,735,000
Qatar Engineering and Minerals Company (8/1)	5.66%	**5.66%**	**10,217,250**	15,632,393
Pasta World Limited - Turkey (8/1)	0,60%	**0,60%**	**6,893,430**	7,161,773
Arabian Masheed Company (8/2)	3.75%	**3.57%**	**5,881,000**	25,000
			74,170,409	89,554,166

8/1 The investments mentioned above represent holdings retained by Venture Capital Bank in its capacity as custodian, and according to the latest financial report for the fiscal year ending on December 31, 2023, issued by the bank, they are reported at fair value (Level 3 fair value measurement)..

8/2 The investment in Arabian Masheed Company represents investments in unlisted equity interests and is measured at fair value through other comprehensive income.

The following is a summary of the movement of investment at fair value through other comprehensive income:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**89,554,166**	85,639,196
(Losses) / gains from revaluation of financial investments at fair value through other comprehensive income	**(15,383,757)**	3,914,970
Balance at the end of the year	**74,170,409**	89,554,166

(All amounts in Saudi Riyals unless otherwise stated)

9. INVESTMENT IN ASSOCIATES

	Ownership percentage 2023	2022	2021	**31 December 2023**	31 December 2022 (restated)	1 January 2022 (restated)
Petitjean Company (formerly Al-Babtain France)	**%25**	**%25**	**%51**	**548,979**	2,125,641	9,471,426
				548,979	2,125,641	9,471,426

A- Below is a summary of the investments:

	31 December 2023	31 December 2022 (restated)	1 January 2022 (restated)
Balance at the beginning of the year	**2,125,641**	9,471,426	3,948,083
The group's share of (losses) / profits from investments in an associate company	**(1,576,662)**	(5,135,120)	5,523,343
Less - available-for-sale assets	**-**	(2,210,665)	-
	548,979	2,125,641	9,471,426

B- Assets held for sale

	31 December 2023	31 December 2022 (restated)
Assets held for sale	**-**	2,210,665
	-	2,210,665

C- Profit from sale of investments in associate

	31 December 2023	31 December 2022 (restated)
Cash proceeds from sale	**3,762,118**	-
Cost of investment disposed	**(2,210,665)**	-
Profit from sale of investments in associate	**1,551,452**	-

On 12 December 2022, the group signed a framework agreement with Metalogalva Ermaus Silva SA in Portugal to sell 26% of the shares of Babtain France for 941,000 euros, equivalent to 3,762,118 SR. The sale and transfer agreement for this stake was signed on February 28, 2023. As a result, the group's ownership in Babtain France reduced to 25%, with Metalogalva Ermaus Silva SA owning 75%. This transaction resulted in a profit from the sale of investments amounting to 1,551,453 SR.

10.RIGHT OF USE ASSETS AND LEASE LIABILITIES

The assets represent the right to use assets and liabilities in the form of leased lands under long-term contracts extending up to 20 years within and outside the Kingdom of Saudi Arabia. They are consumed over the duration of the contract. These lands have Property, plant and equipment registered as part of the assets.

(All amounts in Saudi Riyals unless otherwise stated)

10-1 Right-of-use assets	**31 December 2023**	31 December 2022
Right-of-use assets at the beginning of the year	**35,557,484**	34,364,768
Additions during the year	**5,345,909**	1,332,327
Disposals during the year	**(5,366,580)**	-
Currency translation differences	**(729,158)**	(139,611)
Balance at the end of the year	**34,807,655**	35,557,484
Accumulated Amortization		
Balance at the beginning of the year	**10,314,000**	6,446,675
Amortization during the year	**3,697,733**	3,867,325
Disposals during the year	**(4,306,445)**	-
Currency translation differences	**(220,436)**	-
Balance at the end of the year	**9,484,852**	10,314,000
Net book value	**25,322,803**	25,243,484

expense has been distributed as follow:	Note	**31 December 2022**	31 December 2023
Cost of revenues	**30**	**1,885,561**	3,181,927
Selling and marketing expenses	**31**	**269,343**	249,540
General and administrative expenses	**32**	**1,542,829**	435,858
		3,697,733	3,867,325

10-2 Lease liabilities on right-of–use assets	**31 December 2023**	31 December 2022
Lease liabilities as at the beginning of the year	**24,525,578**	26,598,584
Additions during the year	**5,345,909**	1,332,327
Disposals during the year	**(899,509)**	-
Interest charged during the year	**1,292,209**	1,929,457
Paid during the year	**(4,748,338)**	(5,409,341)
Currency translation differences	**(252,516)**	74,551
Balance at the end of the year	**25,263,333**	24,525,578

Lease liabilities on right-of-use assets included in the consolidated statement of financial position are as follows:

	31 December 2023	31 December 2022
Current	**4,992,097**	4,101,453
Non-current	**20,271,236**	20,424,125
	25,263,332	24,525,578

	31 December 2023	31 December 2022
Less than one year	**4,992,097**	4,101,453
1 - 5 years	**9,930,849**	10,373,448
More than 5 years	**10,340,387**	10,050,677
	25,263,332	24,525,578

Expense charged to profit or loss Consolidated statement

	31 December 2023	31 December 2022
Amortization expense	**3,697,733**	3,867,325
Interest expense	**1,292,209**	1,929,457

During the year ended 31 December 2023, expenses related to short-term and low-value lease assets amounted to 9,317,005 SR (2022: 10,962,280 SR).

(All amounts in Saudi Riyals unless otherwise stated)

11. INVENTORY

	31 December 2023	31 December 2022
Raw materials	**552,869,393**	587,020,518
Work in progress	**133,794,027**	153,400,352
Finished goods	**42,803,641**	55,840,657
Goods in transit	**114,303,566**	27,666,647
Consumables and other supplies	**17,600,947**	21,324,603
	861,371,574	845,252,777
Less: Inventory write down	**(15,859,121)**	(11,692,080)
	845,512,453	833,560,697

The movement for inventory write down is as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**11,692,080**	9,420,087
Charge during the year	**8,134,610**	2,663,541
Used during the year	**(3,938,825)**	(75,176)
Currency translation differences	**(28,744)**	(316,372)
Balance at the end of the year	**15,859,121**	11,692,080

12. TRADE RECEIVABLES,

	31 December 2023	31 December 2022
Trade receivables	**888,958,851**	835,264,838
Checks under collection and notes receivable	**5,334,789**	39,819,513
Retention receivable	**81,935,479**	
	976,229,119	875,084,351
Less: Expected credit losses	**(31,880,951)**	(37,564,156)
	944,348,168	837,520,195

The movement for expected credit losses is as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**37,564,156**	21,909,845
Formed during the year	**1,416,945**	16,000,383
Used during the year	**(6,913,841)**	-
Currency translation differences	**(186,309)**	(346,072)
Balance at the end of the year	**31,880,951**	37,564,156

The trade receivables are classified as financial assets measured at amortized cost.

(All amounts in Saudi Riyals unless otherwise stated)

13. CONTRACT ASSETS

	31 December 2023	31 December 2022
Balance at the beginning of the year	**212,733,722**	208,153,276
Realized revenues according to the percentage of completion	**412,234,196**	17,265,082
Invoices issued for the work performed during the year	**(365,259,502)**	(12,670,317)
Currency translation differences	**(946,486)**	-
Less:Expected credit losses	**(79,543)**	(14,318)
Balance at the end of the year	**258,682,387**	212,733,722

The movement on expected credit losses was as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**14,318**	-
Formed during the year	**65,225**	14,318
Balance at the end of the year	**79,543**	14,318

14. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions with related parties consist in purchasing some tools and materials from these companies in addition to selling final products to them and providing financing, salaries, bonuses, compensation and allowances for board members, senior executives and senior management that took place between the group and related parties, and between the group, members of the board of directors, senior executives and management. These transactions are carried out in the course of the group's usual activity and according to the same principles of dealing with third parties. The most important transactions with related parties and the balances resulting from them are as follows:

a) Due from related parties

	Nature of relationship	31 December 2023	31 December 2022
Al-Babtain Company France SIS	Associate Company	**24,132,980**	29,277,124
Al Babtain Contracting Company	Affiliate Company	**5,179,049**	6,976,531
Al-Babtain Engineering Industries Company	Affiliate Company	**172,422**	282,215
		29,484,451	36,535,870

Below is the current and non-current part

	31 December 2023	31 December 2022
Current portion	**14,051,612**	14,455,146
Non-current portion	**15,432,839**	22,080,724
	29,484,451	36,535,870

b) Due to related parties

	Nature of relationship	31 December 2023	31 December 2022
Metalgolf Air Mouse Silvia IE – Portugal	Shareholder in subsidiary	**14,248,804**	13,828,717
Al Babtain Trading Company	Affiliate Company	**840**	69,324
Al-Babtain Contracting Company – Egypt	Affiliate Company	**1,090,599**	-
		15,340,243	13,898,041

c) Significant transactions with related parties

	Nature of transactions	31 December 2023	31 December 2022
Al Babtain Contracting Company	Sales	**6,828,654**	2,994,888
Al-Babtain Engineering Industries Co	Purchases	**-**	63,984
Al-Babtain Company France SIS	Collection	**7,626,580**	-
Al-Babtain Engineering Industries Company	Payment	**225,260**	1,821,094
Al-Babtain Metalogalva Ermaus Company – Portugal*	Currency revaluation	**420,087**	2,994,888

(All amounts in Saudi Riyals unless otherwise stated)

***** Financing with Al-Babtain Metalogalva Ermaus Company - Portugal represents an amount of 1,320,000 SR, an increase in the capital of one of the subsidiaries, Al-Babtain Metal Galva Limited (Non-Controlling Interest No. 21), and an amount of 501,094 SR a finance to current account.

RELATED PARTY TRANSACTIONS AND BALANCES

d) Benefits, remunerations, and compensations for senior management and senior executives

	31 December 2023		31 December 2022	
	Board and committees members	**Executive Management**	**Board and committees members**	**Executive Management**
Remuneration of members of the board of directors and committees	**3,847,000**		4,800,000	
Board and committee attendance allowances	**163,620**		159,000	
Salaries, wages and equivalents		**6,932,098**		5,242,098
Accrued employees' post-employment benefits		**8,947,793**		7,816,547

15. PREPAID EXPENSES AND OTHER RECEIVABLES

	31 December 2023	31 December 2022
Advance payments to suppliers	**30,931,780**	27,455,570
Deposits against guarantees and refundable security deposits	**15,452,337**	12,058,168
Prepaid expenses	**14,394,028**	13,438,346
Value Added Tax	**7,673,384**	13,440,445
Employee payables	**5,490,677**	4,957,469
Prepaid housing allowance	**2,829,808**	2,130,889
Dividends receivables	**1,223,744**	523,177
Others	**4,478,146**	8,578,134
	82,473,904	82,582,198

16. Financial derivative at fair value

Hedging is an essential tool for managing financial risks, and companies that engage in hedging activities are more prepared to overcome market uncertainties. Through hedging, companies can mitigate the impact of volatile market conditions, allowing them to focus on their core business operations and achieving their strategic goals, even The Company guarantees that it will not be adversely affected by any fluctuations in global interest rates and minimize or eliminate the risks of adverse movements in prices.

The company entered into Murabaha price swap agreements ("swap contracts") with Al Rajhi Bank and Banque Saudi Fransi with a total nominal amount of 675 million SR (2022: 550 million SR) to hedge against future fluctuations in Murabaha rates for part of its long-term loans signed with those banks. Under swap contracts, the company receives a return at a floating rate according to the variable SIBOR rates, and in return the company pays a fixed rate according to the terms of the contract to cover the risks resulting from the change in SIBOR prices for Islamic loans.

The tables below provide a summary of hedged items, hedging instruments and derivative trading, the notional amounts, and their fair values. The notional amounts refer to the volume of transactions outstanding at the date of the consolidated financial statements, and are not indicative of market risk or credit risk.
The maturity date for the swap contracts and the average Murabaha rates are as follows:

the bank	**The nominal loan amount**	**Loan date**	**Loan term**	**31 December 2023**	31 December 2022
Al Rajhi Bank	**250,000,000**	7 November 2021	4 years	**3,682,357**	7,881,404
The Saudi French Bank	**425,000,000**	5 January 2023	5 years	**5,608,814**	12,423,778
Total	**675,000,000**			**9,291,171**	20,305,182

(All amounts in Saudi Riyals unless otherwise stated)

The following table summarizes the amounts recognized in the consolidated statement of profit or loss:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**20,305,182**	-
(Losses) / gain from revaluation of financial derivative at fair value	**(11,014,011)**	20,305,182
Balance at the end of the year	**9,291,171**	20,305,182

17. INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments in financial assets at fair value through profit or loss are represented in a portfolio for the benefit of the group for the purpose of trading through which property rights in companies listed in the Saudi Stock Exchange market are purchased. The following is the movement of investments in financial assets listed at fair value through profit or loss:
The movement on the investment during the year was as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**17,965,819**	379,800
Purchases during the year	**334,758**	42,354,635
sales during the year	**(14,853,324)**	(25,054,741)
Realized gains from selling investments at fair value through profit or loss	**1,557,733**	2,824,091
The change in the measurement of investments at fair value through profit or loss	**1,338,214**	(2,537,966)
Balance at the end of the year	**6,343,200**	17,965,819

18. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Banks –current accounts	**192,341,688**	178,096,008
Cash in hand	**444,165**	556,653
	192,785,853	178,652,661

This account consists of current accounts in local banks, all of which are unrestricted. The company does not have short-term deposits, demand deposits, or highly liquid investments with original maturities of three months or less.

19. SHARE CAPITAL

The authorized and paid-up capital of the Group is 639,469,680 SR as on December 31, 2023 (31 December 2022: 426,313,120 SR) divided into 63,946,968 shares (31 December 2022 : 42,631,312 shares) with a value of 10 SR each.

According to the resolution of the Extraordinary General Assembly dated 28, September 2023, the company's capital was increased by an amount of 213,156,560 Saudi Riyals by transferring from retained earnings to the capital. The company's Articles of Association were amended on 26 December 2023, corresponding to 13 Jumada al-Thani 1445 AH, to set the company's capital at 639,469,680 Saudi Riyals, divided into 63,946,968 shares of equal value, with a nominal value of ten Riyals each. The registration procedures with the commercial registry were completed on 3 January 2024, corresponding to 21 Jumada al-Thani 1445 AH, and accordingly, the capital was adjusted in the consolidated financial statements.

20. STATUTORY RESERVE

According to the company's regulations and the updated company bylaws, no statutory reserves were formed during the current year. During the year 2023, an amount of SR 127,893,936 was transferred to retained earnings.

(All amounts in Saudi Riyals unless otherwise stated)

21. NON-CONTROLLING INTEREST

	Net profit 2023	Net profit 2022	NCI rate	31 December 2023	31 December 2022
Balance at the beginning of the year				**14,129,652**	15,427,262
Added the profits of Al-Babtain LeBlanc Egypt	**2,610,481**	**4,033,284**		**7,309**	11,293
Added the losses of Al-Babtain Metal Galva	**3,717,554**	**(5,474,643)**	**40%**	**1,494,331**	(2,189,857)
Added the losses of Al-Babtain Metal Galva Company Limited	**(389,645)**		**40%**	**(155,858)**	-
Buying an additional stake in Al-Babtain LeBlanc Egypt for Communications Engineering				**-**	(439,046)
Capital increase of Al-Babtain Metal Galva Company (24/1)				**-**	1,320,000
Balance at the end of the year				**15,475,434**	14,129,652

-(24/1) The share capital of the subsidiary company (Al-Babtain Metal Galva Company) was increased, with Metal Galva Portugal owning a 40% stake valued at 1,320,000 SR. This amount was paid by deduction from the current balance.

22. DIVIDENDS

a) During the year 2023, the group, upon the recommendation of the board of directors, dividends amounting to SR 21,315,656, at a rate of SR 0.5 per share. The ordinary general assembly approved the proposed distributions in its meeting held on 12 Dhu al-Qi'dah 1444 AH, corresponding to 1 June 2023.

b) During the year 2022, the group, upon the recommendation of the board of directors, dividends amounting to SR 21,315,656, at a rate of SR 0.50 per share. The ordinary general assembly approved the proposed distributions in its meeting held on 11 Shawwal 1443 AH, corresponding to 11 May 2022.

23. LOANS

23-1 Long Term Loans

	31 December 2023	31 December 2022
Saudi industrial development fund Loan (23\1\1)	**61,400,000**	61,560,218
Long term tawarruq loans - local commercial banks (23\1\2)	**479,062,500**	709,756,944
	540,462,500	771,317,162

The current and non-current portion was as follows:

	31 December 2023	31 December 2022
Long term tawarruq loans-non-current portion	**337,425,000**	381,950,822
Long term tawarruq loans-current portion	**203,037,500**	389,366,340
	540,462,500	771,317,162

(All amounts in Saudi Riyals unless otherwise stated)

The movement on loans during the year was as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**771,317,162**	770,287,737
Paid during the year	**(241,694,444)**	(230,572,253)
Collected during the year	**10,839,783**	231,601,678
Balance at the end of the year	**540,462,500**	771,317,162

(23/1/1) The Group has multiple long-term facilities from the Saudi Industrial Development Fund. The total outstanding balance of these loans as at 31 December 2023 amounted to SR 61,400,000(31 December 2022: SR 61,560,218). Up-front and annual administrative fees are charged by SIDF under the loan agreements. These facilities are secured by mortgages on related property, plant, and equipment of the subsidiaries for which the loans were granted and promissory notes, and corporate guarantees from the shareholders. The maturities of the loans based on their respective repayment schedules spread up to 2028. The loan agreements contain certain covenants which require that pertinent companies maintain specified financial ratios, mainly current ratio and tangible net worth ratio. The covenants are monitored regularly by the management and actions are taken to ensure compliances which includes obtaining waivers from SIDF, where required. There was no non-compliance with covenants which requires the loans to be repayable on demand.

(23/1/2) The group obtained long-term bank financing from local banks for the purpose of settling outstanding amounts owed by the group to other banks and restructuring the financial position. Additionally, the group entered into new medium-term loan agreements during the period with local banks for the same purpose, with a total value of SR 479,062,501

Warranties

The long and medium-term bank financing from local banks is guaranteed against the issuance of promissory notes and the group's waiver of some of the proceeds of the contracts concluded by the group and other guarantees according to the bank facilities contracts. The banking agreements include restrictions and financial pledges on the group related to dividends and net equity, in addition to restrictions on some other financial ratios specified in these agreements. These bank financings are subject to a commission according to prevailing market rates.

Non-compliance with bank covenants

Due to the existence of a difference in some of the financial covenants mentioned in the agreement with some banks, the amount of 276,979,167 Saudi riyals has been reclassified from the non-current part to the current part, and the financial covenants were as follows

	covenants	**The agreed rate**	**Override as of 31 December 2023**	**Override as of 31 December 2023**
Arab Banking Corporation (Bahrain)	Leverage	**1.75%**	**-**	**0.13%**
Al Rajhi Bank	Debt service rate	**1.1%**	**-**	**0.5%**
Saudi National Bank	The company's failure to comply with commitments with other banks	**-**	**-**	**-**

23-2 Short Term Loans

The group obtained banking facilities from local and international commercial banks in the form of overdrafts, term loans, and commercial papers to finance working capital requirements, as well as documentary credits and letters of guarantee. The total credit limit for these loans as of December 31, 2023, amounted to SR 4.4 billion (2022: SR 3.1 billion). The portion utilized of these facilities as of December 31, 2023, was SR 1.7 billion (2022: SR 1.7 billion), while the unused portion amounted to SR 2.3 billion (2022: SR 1.3 billion). These facilities are subject to commissions based on prevailing market rates, and their details are as follows:

(All amounts in Saudi Riyals unless otherwise stated)

	31 December 2023	31 December 2022 (restated)	1 January 2022 (restated)
Short-term tawarruq bank loans	**683,744,888**	534,271,577	285,891,207
Bank Overdraft	**40,059,186**	49,903,538	30,024,816
	723,804,074	584,175,115	315,916,023

The movement on loans during the year was as follows:

	31 December 2023	31 December 2022 (restated)	1 January 2022 (restated)
Balance at the beginning of the year	**584,175,115**	315,916,023	570,528,303
Paid during the year	**(2,195,086,126)**	(3,158,038,393)	(4,300,148,011)
Collected during the year	**2,334,715,085**	3,426,297,485	4,045,535,731
Balance at the end of the year	**723,804,074**	584,175,115	315,916,023

Guarantees

The tawarruq loans from the above-mentioned commercial banks are guaranteed against the issuance of bonds to order and the company's assignment of some of the proceeds of the contracts concluded by the company and which use these facilities to finance its operational work and other guarantees in accordance with the bank facility contracts. The above-mentioned banking agreements related to tawarruq loans include restrictions and financial commitments on the company related to dividends and net equity, in addition to restrictions on some other financial ratios specified in these agreements.

24. EMPLOYEES' POST-EMPLOYMENT BENEFITS

	31 December 2023	31 December 2022
Balance at the beginning of the year	**68,517,376**	78,218,261
Current service costs	**6,932,043**	7,349,103
Current service financing cost	**3,316,617**	2,156,450
Payments during the year	**(6,474,203)**	(12,015,759)
Actuarial loss /(gain)	**8,640,499**	(7,190,679)
Balance at the end of the year	**80,932,332**	68,517,376

24-1 Actuarial Assumptions

	31 December 2023	31 December 2022
Discount rate	**4.80%- 4.90%**	4.60%- 4.70%
Salary increases rate (٪ per year)	**5%- 1%**	1%- 3%
Staff turnover (٪ per year)	**7%- 3%**	3%- 8%

The following is a table of expected maturity for employees' defined benefits liabilities:

	31 December 2023	31 December 2022
Less than one year	**7,179,981**	1,554,538
1 - 5 years	**32,804,833**	1,554,538
More than 5 years	**40,947,518**	65,408,300
	80,932,332	68,517,376

(All amounts in Saudi Riyals unless otherwise stated)

24-2 The sensitivity of the defined benefit obligation to changes in the weighted average of the key assumptions is:

Factor	**Change in assumption**	**31 December 2023**	31 December 2022
Discount rate	+0.5%	**3,188,281**	8,692,079
	-0.5%	**2,449,784**	4,963,688
Salary increase rate	+0.5%	**2,195,995**	4,929,952
	-0.5%	**2,195,995**	8,739,302

The above sensitivity analyzes are based on the change in one of the assumptions while all other assumptions remain constant. In practice, this is unlikely to happen, as some changes in some assumptions may be related to each other. When calculating the sensitivity of employees' end-of-service benefits to a material actuarial assumption, the same method is applied (the present value of the employees' defined benefit obligation calculated on the basis of the projected unit credit cost method at the end of the reporting period) when calculating employees' end-of-service benefits recognized in the consolidated statement of financial position.

25. Provisions

	As of 1 January 2023	Formed	used	As of 31 December 2022
Warranty provision (25/1)	33,477,377	10,489,832	-	**43,967,209**
Claims provision (25/2)	-	32,040,281	-	**32,040,281**
	33,477,377	42,530,113	-	**76,007,490**

(25/1) Warranty provision is recognized for expected warranty claims on the sold products for which the Group is responsible to cover the warranty, and it is expected that all these costs will be incurred within 10 years after the reporting date and the assumptions used to calculate are based on the warranty is based on product sales, date of sale, warranty period, estimated level of repairs, and warranty costs.

The details are given below:

	31 December 2023	31 December 2022
Non-current portion	**40,470,777**	25,004,761
Current portion	**3,553,6713**	8,472,616
	76,007,490	33,477,377

26. Trade payables and notes payable

	31 December 2023	31 December 2022 (restated)	1 January 2022 (restated)
Trade payable	**136,336,671**	90,138,733	117,638,987
Notes payable	**107,102,464**	202,131,742	180,755,514
	243,439,135	292,270,475	298,394,501

(All amounts in Saudi Riyals unless otherwise stated)

27. ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2023	31 December 2022
Advance payments from customers	**182,254,050**	70,945,113
Accrued expenses	**66,373,730**	61,423,990
Value added tax	**13,068,707**	672,887
Accrued Remunerations of board members and committees	**4,950,234**	4,946,834
Dividends payable	**2,776,305**	1,857,195
Other	**2,370,401**	7,862,593
Social insurance	**1,125,635**	551,840
	272,919,062	148,260,452

28. PROVISION FOR ZAKAT AND INCOME TAX

28-1 Zakat movement

The movement in the provision for zakat is as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**24,645,103**	12,198,723
Fromed during the year	**35,672,626**	33,815,179
Paid during the year	**(30,552,108)**	(21,368,799)
Balance at the end of the year	**29,765,621**	24,645,103

28-2. Zakat assessment position

The company submits a unified Zakat declaration for the group, with the exception of Babtain Liblanc Egypt for .Telecommunications Engineering and Babtain Metal Galva Alpha Limited

Zakat Assessment with the Zakat, Tax, and Customs Authority (the Authority) was concluded until the fiscal year ended 31December 2014.

The Authority issued an amended Zakat assessment on the company for the fiscal years 2015 to 2018, resulting in Zakat differences amounting to SR 32,040,281. The company filed a request for reconsideration of the decision, but the request was .rejected by the competent authority

The company has submitted its Zakat declarations for the years 2019 to 2022 and has obtained a valid certificate until April 30, 2024

Babtain Liblanc Egypt for Telecommunications Engineering:

The company has annually submitted its annual declarations until 2021. The following declarations are still pending with the Authority:
Year 2004: Examination and assessment were conducted, and an appeal was filed. The Internal Committee is currently discussing some points of contention
Year 2010: Examination and assessment were conducted, an appeal was filed, and a decision was issued to re-examine
Year 2011: Examination and assessment were conducted, an appeal was filed within the legal deadline, and the file was referred to the appeals committees. A memorandum was issued for re-examination

(All amounts in Saudi Riyals unless otherwise stated)

Year 2014: Examination and assessment were conducted, an appeal was filed within the legal deadline

Babtain Metal Galva Limited:

The company has submitted its Zakat declarations until 31 December 2022, and has obtained a valid certificate until 30 April 2024.

29. REVENUES

	31 December 2023	31 December 2022 (restated)
Main activity revenue	**2,490,493,706**	2,197,055,167
	2,490,493,706	2,197,055,167

	31 December 2023	31 December 2022 (restated)
At a point in time	**2,020,008,358**	1,800,859,549
Over a period of time	**470,485,348**	396,195,618
	2,490,493,706	2,197,055,167

30. COST OF REVENUES

	31 December 2023	31 December 2022
Material cost	**1,665,419,333**	1,512,795,588
Operating expenses and subcontractors	**150,269,963**	109,900,460
Salaries, wages and equivalents	**153,017,700**	160,523,402
Transportation, shipping and clearing	**31,354,905**	22,199,611
Depreciation and amortization	**29,705,157**	29,320,512
Maintenance and repair cost	**11,588,422**	9,231,478
Fees and subscriptions	**9,459,936**	13,275,600
Slow moving Inventory	**7,522,159**	2,663,541
electricity and water	**7,754,929**	6,844,358
Social Insurance	**6,617,696**	5,164,907
Rental expenses	**6,614,239**	8,438,234
Fuel expenses	**5,473,507**	3,224,562
Cleaning expenses	**2,943,973**	2,542,813
Phone, internet and mail expenses	**1,380,390**	3,635,099
Technical test expenses	**1,211,902**	4,781,779
Others	**2,817,394**	33,911,530
	2,093,151,605	1,928,453,474

(All amounts in Saudi Riyals unless otherwise stated)

31. SELLING AND MARKETING EXPENSES

	31 December 2023	31 December 2022
Salaries, wages and equivalents	**21,482,556**	19,626,334
Rental expenses	**2,702,766**	2,524,046
Social Insurance	**1,116,763**	724,643
Travel expenses	**914,564**	536,763
Fees and subscriptions	**830,322**	858,850
Transportation, shipping and clearing	**738,405**	942,252
Sales and distribution commissions	**646,501**	1,411,994
Advertising	**593,372**	566,122
Depreciation and amortization	**703,515**	663,582
Phone, internet and mail expenses	**289,534**	80,093
Computer supplies expenses	**112,368**	128,952
Office supplies and publications	**108,326**	50,860
Others	**716,603**	985,573
	30,955,595	29,100,064

32. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2023	31 December 2022
Salaries, wages and equivalents	**63,767,436**	66,118,017
Social Insurance	**4,990,530**	3,264,666
Fees and subscriptions	**4,266,627**	1,920,948
Professional and consulting fees	**3,855,612**	1,517,675
Allowances and remuneration for members of the Board of Directors	**3,924,760**	3,989,178
Depreciation and amortization	**4,751,442**	3,782,005
Travel and transportation expenses	**902,034**	426,209
Phone, internet and mail expenses	**701,728**	1,098,972
electricity and water expenses	**498,636**	559,137
Computer supplies	**422,538**	34,762
Fuel expenses	**397,411**	365,304
Maintenance and repair cost	**385,694**	515,969
Others	**3,052,218**	2,632,048
	91,916,666	86,224,890

33. FINANCE COSTS

	31 December 2023	31 December 2022
Loan finance	**89,901,398**	67,729,890
lease liabilities interest (note 10)	**1,292,209**	1,929,457
	91,193,607	69,659,347

(All amounts in Saudi Riyals unless otherwise stated)

34. OTHER INCOME

	31 December 2023	31 December 2022
Reversal of allowance for employee incentives	**712,401**	4,189,399
Rental income from investments properties	**1,342,322**	2,252,457
Compensation and others	**1,243,161**	1,241,333
Financing revenues	**878,388**	731,243
Human Resources Fund support revenue	**721,953**	550,396
gains/ (losses) from the sale of property, plant and equipment	**152,074**	(2,366)
	5,050,299	8,962,462

35. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share has been calculated by dividing the income for the year attributable to shareholders of the company by the weighted average number of ordinary shares outstanding during the year. The diluted earnings per share is the same as the basic earnings per share since the Group does not have any dilutive instruments.

	31 December 2023	31 December 2022 (restated)
Profit for the year	**141,491,850**	52,630,638
Weighted average number of issued shares	**63,946,968**	63,946,968
Basic and diluted earnings per share	**2.21**	0.82

The weighted average number of shares for the prior year has been adjusted retrospectively due to the capital increases transferred from the retained earnings.

36. CONTINGENCIES AND CAPITAL COMMITMENTS

Contingent liabilities represent letters of credit and guarantees issued by commercial banks for the purposes of the Group and are as follows:

	31 December 2023	31 December 2022
Letters of credit	**243,390,711**	149,631,974
Letters of guarantee	**950,009,121**	730,210,460
	1,193,399,832	879,842,434

The capital commitments of the group as of 31December 2023, amounted to zero Saudi Riyals (2022: none SR).

(All amounts in Saudi Riyals unless otherwise stated)

37. SEGMENTAL REPORT

A-Sectoral information

A- Information related to the Group’s operational and geographic sectors, as shown below, is regularly submitted to the Group’s operational decision makers and stated as follows:

-Towers and metal structures sector: It includes the production of power transmission towers, galvanized communication towers and their tests, and galvanized steel structures.

-Poles and lighting: It include the production and galvanization of electricity and lighting poles, masts and their accessories, in addition to the production of street lighting lanterns, playgrounds and gardens, and the production of electricity distribution panels.

-Design, supply and installation sector: It includes the work of supplying, installing and maintaining communication systems.

-Solar energy sector: It includes the production of mobile metal components for solar photovoltaic energy tracking systems.

Headquarters: It supervises the company's various sectors in addition to the investment activities in the subsidiaries.

B - The following is a summary of the information for the year ended December 31, according to the operating segments as follows:

December 31, 2023	Towers and metal structures sector	Columns and lighting sector	Design, supply and installation sector	Solar energy sector	Headquarter	Total
Net revenue	953,048,213	776,718,240	470,485,348	290,241,905	-	2,490,493,706
Cost of revenue	795,118,628	638,480,476	381,438,382	278,114,119	-	2,093,151,605
Selling and marketing expenses	3,397,527	25,629,310	-	1,928,758	-	30,955,595
General and administrative expenses	22,651,861	20,729,866	48,193,810	341,129	-	91,916,666
Depreciation of property, plant and equipment	11,911,028	11,385,160	2,059,009	3,986,182	-	29,341,379
Financing costs	42,464,598	36,219,030	6,319,573	6,190,406	-	91,193,607
Total Assets	25,794,792	266,711,608	403,622,455	197,379,297	2,034,731,106	2,928,239,258
Total Liabilities	33,348,377	205,862,320	176,192,082	113,209,920	1,479,321,091	2,007,933,790
Net income for the period before zakat and income tax	110,705,394	61,420,575	31,234,725	3,893,809	(28,595,697)	178,658,806
31 December 2022						
Net revenue	691,776,912	896,376,147	396,195,618	212,706,490	-	2,197,055,167
Sales cost	654,441,094	759,329,315	307,342,358	207,340,707	-	1,928,453,474
Selling and marketing expenses	3,765,375	23,631,395	-	1,703,294	-	29,100,064
General and administrative expenses	15,192,869	17,857,030	50,807,755	2,367,236	-	86,224,890
Depreciation of property, plant and equipment	10,035,116	10,630,515	2,280,749	3,855,602	1,150,010	27,951,992
Financing costs	30,665,252	27,469,500	3,833,855	7,690,740	-	69,659,347
Total Assets	85,741,745	276,155,275	498,267,791	155,781,693	1,782,491,441	2,798,437,945
Total Liabilities	43,218,426	331,655,461	176,859,070	41,000,976	1,368,352,746	1,961,086,679
Net income for the year before zakat income tax	(32,398,198)	78,552,226	33,734,636	(5,296,039)	9,674,627	84,267,252

(All amounts in Saudi Riyals unless otherwise stated)

B-Geographical information

The following is a summary of geographical information for the year ended December 31, as follows:

	Saudi Arabia	United Arab Emirates	Egyptian Arabic Republic	Total
31 December 2023				
Property and equipment	385,509,276	319,485	19,872,995	405,701,756
Net revenue	2,185,354,035	152,556,550	152,583,121	2,490,493,706
Cost of revenue	1,848,621,507	125,959,118	118,570,980	2,093,151,605
Selling and marketing expenses	29,793,414	-	1,162,181	30,955,595
General and administrative expenses	68,736,748	14,414,802	8,765,116	91,916,666
Depreciation of property, plant and equipment	28,051,412	252,532	1,037,435	29,341,379
Financing costs	82,147,783	958,005	8,087,819	91,193,607
Total Assets	2,716,147,223	144,946,885	67,145,150	2,928,239,258
Total Liabilities	1,876,137,331	64,119,966	67,676,493	2,007,933,790
Net income for the period before zakat	145,961,087	12,921,483	19,776,236	178,658,806
Net income for the period before zakat and income tax				
31 December 2022	379,853,122	221,514	23,663,771	403,738,407
Property and equipment	1,819,566,145	131,051,852	246,437,170	2,197,055,167
Net revenue	1,610,942,046	102,006,230	215,505,198	1,928,453,474
Cost of revenue	27,338,860	12,008	1,749,196	29,100,064
Selling and marketing expenses	59,114,538	14,460,722	12,649,630	86,224,890
General and administrative expenses	26,368,050	428,834	1,155,108	27,951,992
Depreciation of property, plant and equipment	62,661,557	1,097,097	5,900,693	69,659,347
Financing costs	2,470,604,776	178,812,928	149,020,241	2,798,437,945
Total Assets	1,823,575,745	61,608,333	75,902,601	1,961,086,679
Total Liabilities	51,103,800	14,171,952	18,991,500	84,267,252
Net income for the period before zakat income tax	379,853,122	221,514	23,663,771	403,738,407

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The root of the group's main financial liabilities include loans, lease liabilities under right-of-use assets, accounts payable, other credit accrued expenses, due to a relationship party. The Group's principal financial assets consist of prepaid expenses due from a related party. The main financial risks arising from the Group's financial instruments are market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk. Management reviews and agrees policies to manage these risks.

38-1market risk

It is the risk of fluctuation in a financial instrument due to changes in prevailing market prices, such as foreign exchange rates and interest rates, which will affect the Group's income or the value of its holdings of financial instruments. Market risk management aims to manage and control market risk exposures within acceptable limits, while maximizing returns. There has been no change in the Group's exposure to market risks or the way these risks are managed and how they are measured.
Interest rate risk is exposure to various risks associated with the effect of fluctuations in prevailing interest rates on the Group's financial position and cash flows. The Group is exposed to interest rate risk on its interest bearing assets and liabilities, which mainly consist of bank facilities and loans. The management limits interest rate risk by monitoring changes in interest rates. Management monitors changes in interest rates and believes that the Group's cash flow and interest rate risks on fair value are immaterial.
The Group's receivables and payables carried at amortized cost are not subject to interest rate risk as defined in IFRS 7 as neither the carrying value nor the future cash flows change due to a change in market interest rates. Accordingly, the Group is not exposed to fair value interest rate risk.
The Group's exposure to changes in interest rates is as follows:

	31 December 2023	31 December 2022
Variable interest rate loans	**1,264,266,574**	1,355,492,277

Sensitivity analysis

	Profit or loss Consolidated statement			
	December 31, 2023		31 December 2022	
	100 points increase	100 points discounts	100 points increase	100 points discounts
Variable interest rate loans	(12,642,666)	12,642,666	(13,554,923)	13,554,923
Changes in cash flow	12,642,666	(12,642,666)	13,554,923	(13,554,923)

38-2 Foreign currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign currency exchange rates. Foreign currency risk arises when future commercial transactions, assets and liabilities are denominated in a currency other than the Saudi riyal. The group's management believes that it is not exposed to foreign currency risks because all of the group's transactions In Saudi riyals. Management monitors the risks of fluctuations in exchange rates closely and on an ongoing basis, and based on its experience and market reactions, management does not believe it is necessary to hedge against foreign currency risks as most foreign currency risks are relatively limited in the medium term.
The total significant exposure to the financial position classified by discrete foreign transactions is as follows.

Currencies	**December 31, 2023**	December 2022 31
Dollar	339,812	3,412,641
Euro	421,392	274,396
Egyptian Pound	198,527,942	133,401,456
UAE Dirham	17,943,431	22,361,475
Qatari Riyal	259,822	264,840

(All amounts in Saudi Riyals unless otherwise stated)

38-3 Credit risk

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

The Group deals with banks of good credit standing and good financial rating.

	December 31, 2023	**31 December 2022**
Trade accounts receivable	Total book value	Total book value
From 1 to 30 days	**696,000,100**	655,366,130
From 31 to 60 days	**86,485,083**	62,270,115
From 61 to 90 days	**19,296,345**	33,011,588
From 91 to 180 days	**35,732,893**	27,390,958
From 180 to 360 days	**17,878,072**	18,593,480
Over 360 days	**33,566,358**	38,632,567
Cheques under collection and note, receivable	**5,334,789**	39,819,513
Retention receivable	**81,935,479**	
	976,229,119	875,084,351
Contract assets	**258,761,930**	212,748,040
	1,234,991,049	1,087,832,391

Retention receivable consist of receivables from government entities that are expected to be collected within a year.

	December 31, 2023	**31 December 2022**
Beginning balance of the year	**37,578,474**	21,909,845
Allowance for trade receivable (note 12)	**1,416,945**	16,000,383
Allowance for contract assets (note 13)	**65,225**	14,318
Used during the year	**(6,913,841)**	-
Foreign currency translation differences	**(186,309)**	(346,072)
Ending balance of the year	**31,960,494**	37,578,474

Accounts receivable

The Group uses a dedicated matrix for the purpose of calculating expected credit losses for trade receivables, contract assets and employee receivables. This matrix is based initially on historical default rates. The Group calibrates the matrix to adjust the historical experience of credit losses, taking into account the information expected in the future. At the date of each financial report, The Group updates the historical default rates and this is reflected in future estimates

(All amounts in Saudi Riyals unless otherwise stated)

38-4 Liquidity risk

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

The following table summarizes the Group's financial liabilities into relevant maturity groups based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

December 31, 2023	**Book value**	**Less than 1 year**	**1 - 5 years**	**More than 5**
Lease liabilities	25,263,333	4,992,097	9,930,849	10,340,387
Loans	540,462,500	203,037,501	337,425,000	-
Short term loans	723,804,074	723,804,074	-	-
Accounts Payable and notes Payable	243,439,135	243,439,135	-	-
Accrued expenses and other Payable	272,919,062	272,919,062	-	-
Due to a related party	15,340,243	1,091,439	14,248,804	
	1,821,228,347	1,449,283,308	361,604,653	10,340,387

31 December 2022	**Book value**	**Less than 1 year**	**1 - 5 years**	**More than 5 years**
Lease liabilities	24,525,578	4,795,360	9,564,975	10,165,243
Loans	771,317,162	318,620,499	452,696,663	-
Short term loans	584,175,115	584,175,115	-	-
Accounts Payable and notes Payable	292,270,475	292,270,475	-	-
Accrued expenses and other Payable	148,260,452	148,260,452	-	-
Due to a related party	13,898,041	69,324	13,828,717	-
	1,834,446,823	1,348,191,225	476,090,355	10,165,243

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors its capital base using the net debt to equity ratio. Net debt is calculated as loans less cash and cash equivalents.

The following is the net debt to equity ratio of the Group at the end of the year:

	31 December 2023	31 December 2022
Loans	**1,264,266,574**	1,355,492,277
Less:		
Cash and cash equivalents	**(192,785,853)**	(178,652,661)
Net debt	**1,071,480,722**	1,176,839,615
Total equity attributable to the company's shareholders	**904,837,343**	823,221,614
Net debt to equity ratio	**118%**	143%

38-5 Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, 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:

• Through the principal market for the asset or liability, or
• Through the most advantageous market for the asset or liability in the absence of a principal market.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account the ability of a market participant to generate economic benefits by using the asset in its best advantage or by selling it to another market participant for its best use.

The Group uses valuation techniques that are appropriate in the circumstances and conditions and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

• Level 1: Quoted prices in active markets for the same assets or liabilities.
• Level 2: other valuation techniques for which a minimum level of significant input is required, directly or indirectly, to measure the fair value.
• Level 3: Other valuation techniques for which a minimum input that is significant is not observable to to the fair value measurement is required

For assets and liabilities that are included in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the above hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. consolidated financial statements.

The carrying amount of financial assets that cannot be measured at fair value is an approximation of their fair value. Financial liabilities are measured at amortized cost, which is a reasonable approximation of their fair value.

All financial assets and liabilities are measured at amortized cost except for investments carried at fair value through profit or loss. The carrying amount of all other financial assets and liabilities measured at amortized cost approximates their fair values.

The revaluation for the investment has been performed by the cashflow discounted depend on the critical inputs data non observable and has been added to level 3 at the fair value layers.

(All amounts in Saudi Riyals unless otherwise stated)

		Fair value			
As on 31 December 2023	**Amortized cost**	Level 1	**Level 2**	**Level 3**	**Total**
Investments at fair value through other comprehensive income	-	-	-	**74,170,409**	**74,170,409**
Investments at fair value through profit or loss	-	**6,343,200**	-	-	**6,343,200**
Account receivables	**944,348,168**	-	-	-	**944,348,168**
Contract assets	**258,682,387**	-	-	-	**258,682,387**
Amounts due from related parties	**29,484,451**	-	-	-	**29,484,451**
Cash and cash equivalents	**192,785,853**	-	-	-	**192,785,853**
	1,425,300,859	**6,343,200**	**-**	**74,170,409**	**1,505,814,468**

		Fair value			
As on 31 December 2022	**Amortized cost**	Level 1	**Level 2**	**Level 3**	Total
Investments at fair value through other comprehensive income	-	-	-	89,554,166	89,554,166
Investments at fair value through profit or loss	-	17,965,819	-	-	17,965,819
Account receivables	837,520,195	-	-	-	837,520,195
Contract assets	212,733,722	-	-	-	212,733,722
due from related parties	36,535,870	-	-	-	36,535,870
Cash and cash equivalents	178,652,661	-	-	-	178,652,661
	1,265,442,448	17,965,819	-	89,554,166	1,372,962,433

39. NON-CASH TRANSACTIONS

	Note	**December 31, 2023**	31 December 2022
Right of uses assets additions	10	5,345,909	1,332,327
Disposal of right-of-use assets		1,060,135	-
Transfer from the statutory reserve to retained profits	20	127,893,936	-
Increase capital from retained earnings	19	213,156,560	-
Transferred from investment in associated companies to assets available for sale	40	-	2,210,665
Settlements		-	439,045
Unrealized gains on investments at fair value through other comprehensive income	5	3,914,970	-
Additions to investment properties against the debt of the Arabian Masheed Company		-	8,564,756

(All amounts in Saudi Riyals unless otherwise stated)

40. Adjustments

Adjustment 40-1: Reassessment of retained earnings and losses at Metal Galva Company.

This adjustment amounts to (274,940), representing 60% of the reclassification result of (458,232) from retained earnings to employee benefit liabilities.

Adjustment 40-2: Purchase of additional shares in Babtain LeBlanc Egypt for Telecommunication Engineering.

This adjustment amounts to 439,045 Saudi Riyals, reflecting the acquisition result of one of the subsidiary companies, Babtain Operations and Maintenance Company, on a stake in Babtain LeBlanc Egypt for Telecommunication Engineering.

Adjustment 40-3: Reunification of Babtain Contracting Qatar.

This adjustment amounts to 394,086 Saudi Riyals, representing retained profits pertaining to Babtain Contracting Qatar. Following a board decision, the company has been reactivated and unified (Clarification 1/1/1).

41. Impact of restatements:

The Group restated certain amounts and balances included in the prior year financial statements as the transactions to which these balances relate, had not been accounted for correctly, and accordingly adjusted in accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The details of each of such restatements have been summarized below:

The following are the items in the consolidated financial statements, the consolidated statement of profit or loss, and the consolidated statement of cash flows that were affected by adjustments and reclassification, along with explanations for these adjustments:

1 January 2022	Previously Reported	Restatement (1.2.3)	Re-classification (4)	Restated
Consolidated Statement of financial position				
Non-current assets	27,573,686	(20,292,024)	-	7,281,662
Investment in subsidiary company	9,335,550	135,876	-	9,471,426
Retained earnings	(377,767,089)	20,156,148	-	(357,610,941)
Short-term loans	(496,671,537)	-	180,755,514	(315,916,023)
Trade payables and Payables notes	(117,638,987)	-	(180,755,514)	(298,394,501)

(All amounts in Saudi Riyals unless otherwise stated)

31 December 2023	Previously Reported	Restatement (1.2.3)	Re-classification (4)	Restated
Consolidated Statement of financial position				
Property, plant, and Equipment	395,173,651	-	8,564,756	403,738,407
Intangible Assets	27,605,022	(20,292,024)	-	7,312,998
Investment in associate	8,243,134	(6,117,494)	-	2,125,640
Assets held for sale	3,762,118	(1,551,453)	-	2,210,665
Prepaid expenses and other receivables	91,146,954	-	(8,564,756)	82,582,198
Retained earnings	(417,445,085)	27,960,971	-	(389,484,114)
Short-term loans	(786,306,857)	-	202,131,742	(584,175,115)
Trade payables and notes payable	(90,138,733)	-	(202,131,742)	(292,270,475)
Deferred revenue - non-current Portion	(25,004,761)	-	25,004,761	-
Deferred revenue - current Portion	(8,472,616)	-	8,472,616	-
Provision - non-current portion	-	-	(25,004,761)	(25,004,761)
Provision - current portion	-	-	(8,472,616)	(8,472,616)
Consolidated statement of profit or loss				
Revenue	(2,205,761,925)	(33,477,377)	42,184,135	(2,197,055,167)
Revenue from sale of waste	-	-	(42,184,135)	(42,184,135)
Claims provision	-	33,477,377	-	33,477,377
Received Dividend	-	-	(7,737,683)	(7,737,683)
Other Revenues	(16,700,145)	-	7,737,683	(8,962,462)
Losses from sale of investments in associate	4,810,741	7,804,822	-	12,615,563
Consolidated statement of cash flow				
Cash flows from operating activities	(142,216,098)	-	36,122,216	(106,093,882)
Cash flows from investing activities	(62,538,033)	-	(14,745,988)	(77,284,021)
Cash flows from financing activities	196,209,858	-	(21,376,228)	174,833,630

Restatement (1) During the year 2013, the Company recognized goodwill amounting to SR 20.3 million, comprised of SR 19.5 million resulting from the acquisition of a 45% stake in Babtain Leblanc Emirates for Communications Systems - United Arab Emirates and SR 700,000 resulting from the acquisition of a 3% stake in Babtain for Energy and Communications - Arab Republic of Egypt. The goodwill arose from the acquisition of non-controlling interests to make the ownership 100% for the Group. The acquisition did not result in any change in control, and these changes represent a change in the parent company's ownership stake in a subsidiary, It does not result in goodwill, but rather it is considered transactions with shareholders, and accordingly, goodwill was adjusted to retained earnings.

Restatement (2) The Group has investments in equity method in Bétitgan France. During the year 2019, the Company disposed of a 49% portion of its 100% stake in Bétitgan France to Metal galva Portugal for EUR 3 million, equivalent to SR 12.6 million, subject to the company achieving certain profitability ratios. Accordingly, the Company recognized sales proceeds of SR 6 million during the year 2019. However, as the targeted ratios were not achieved during the year 2022, the transaction value was reassessed to be only one EUR, During the year 2022 AD, the company reduced the previously recorded profits by adding them to the investment account instead of treating them in profits and losses during the year.

Restatement (3) The adjustment for increasing revenues by an amount of 33,477,377 SR and form a warranty provision of the same amount as an expense on the consolidated statement of profit or loss, as this adjustment represents the year's amount of the warranty provision, which had previously been treated as a reduction of revenues as a performance obligation that will be achieved over the years of warranty, whereas it was It should be treated as a guarantee provision in accordance with the requirements of IFRS 37 Provisions, Contingent Liabilities and Contingent Assets.

Restatement (4) Certain comparative figures for the financial year ended 31 December 2022, and the opening balance of amounts related to pre-2022 years were reclassified to align with the current presentation of the consolidated financial statements.

42. SUBSEQUENT EVENTS

- On 6 March 2024, the Central Bank of Egypt announced the implementation of a flexible exchange rate system to price foreign currencies based on supply and demand conditions. As a result, the exchange rate of the US dollar against the Egyptian pound increased
- On March 31, 2024, the company announced the sale of a vacant piece of land consisting of two deeds with a total area of 30,800 square meters and not used in the company's activity. Its book value amounted to 3,080,000 SR, and the selling price amounted to 50,820,000 SR, with revenues from the disposal amounting to 47,740,000 SR.

43. DATE OF APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved and issued on 28 March 2024 AD (corresponding to 18 Ramadan 1445 AH) by the Company's Board of Directors.