

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

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

**FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2022
(UNAUDITED)**

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

As at 30 June 2022

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Report on review of interim condensed consolidated financial statements

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Gas and Industrialization Company (the "Company") and its subsidiary (collectively referred to as the "Group") as at 30 June, 2022 and the related interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended and other explanatory notes. Directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Basis for qualified conclusion

As detailed in note 15 (c) to the interim condensed consolidated financial statements, accrued expenses and other current liabilities as at 30 June 2022 include an amount of Saudi Riyals 27.4 million (31 December 2021: Saudi Riyals 27.4 million) representing an unapplied collection account (the "unapplied account"). This unapplied account includes certain transactions totaling Saudi Riyals 25.7 million which were discovered in 2020 by the Group and relate to embezzlement transactions committed by a former employee during the period from 2017 to 2020 and which had been routed through this account. The embezzlement transactions were reversed as at 31 December 2020, and separately isolated in the unapplied account. However, the original transactions in this account could not be traced to sufficient and appropriate evidence. We were unable to satisfy ourselves with respect to the existence and completeness of this account, nor were we able to perform other alternative procedures. Accordingly, we are unable to determine if any adjustments are required to this account and the related impact on these interim condensed consolidated financial statements.

Qualified conclusion

Based on our review, except for the possible effect of the matter described in the Basis for qualified conclusion section above, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material aspects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

Ali A. Alotaibi
License Number 379
18 August 2022



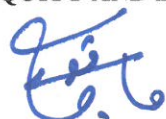
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National Gas and Industrialization Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2022

	<i>Note</i>	<i>30 June 2022 (Unaudited) SR</i>	<i>31 December 2021 (Audited) SR</i>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	746,463,695	715,388,140
Intangible assets		27,383,407	30,726,987
Investment properties		34,342,174	34,342,174
Right-of-use assets	6.1	22,034,053	1,494,980
Investments in associates	7	88,188,920	87,898,531
Financial assets held at fair value through other comprehensive income (FVTOCI)	8	648,669,326	645,042,180
Financial assets held at amortised cost		146,500,000	146,500,000
TOTAL NON-CURRENT ASSETS		1,713,581,575	1,661,392,992
CURRENT ASSETS			
Financial assets held at fair value through profit or loss (FVTPL)	9	297,662,829	299,154,133
Inventories, net		150,001,265	160,232,756
Accounts receivable, net	10	29,937,332	31,149,091
Prepayments and other current assets	11	102,905,041	60,693,765
Cash and cash equivalents	12	99,739,024	61,905,920
TOTAL CURRENT ASSETS		680,245,491	613,135,665
TOTAL ASSETS		2,393,827,066	2,274,528,657
EQUITY AND LIABILITIES			
EQUITY			
Share capital		750,000,000	750,000,000
Statutory reserve		225,000,000	225,000,000
Retained earnings		221,567,620	151,964,481
Unrealised gains from investments at fair value through other comprehensive income (FVTOCI)		528,760,139	524,380,156
TOTAL EQUITY		1,725,327,759	1,651,344,637
LIABILITIES			
NON-CURRENT LIABILITIES			
Term loan	13	94,398,943	112,344,168
Lease liabilities	6.2	17,212,819	659,453
Employees' defined benefits liabilities	14	117,574,616	140,600,642
TOTAL NON-CURRENT LIABILITIES		229,186,378	253,604,263
CURRENT LIABILITIES			
Trade payables		174,820,392	128,204,639
Lease liabilities - current portion	6.2	5,250,910	1,781,367
Accrued expenses and other current liabilities	15	157,227,195	152,355,874
Term loan – current portion	13	20,000,000	-
Zakat payable	16	82,014,432	87,237,877
TOTAL CURRENT LIABILITIES		439,312,929	369,579,757
TOTAL LIABILITIES		668,499,307	623,184,020
TOTAL EQUITY AND LIABILITIES		2,393,827,066	2,274,528,657



Mr. Majed Ahmed Qwaider
Chief Financial Officer



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

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

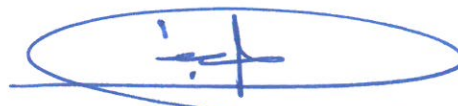
National Gas and Industrialization Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the three and six months periods ended 30 June 2022

	Notes	For the three month periods ended 30 June		For the six month periods ended 30 June	
		2022 (Unaudited) SR	2021 (Unaudited) SR	2022 (Unaudited) SR	2021 (Unaudited) SR
Revenues	17	472,456,941	467,820,963	989,109,782	978,902,791
Cost of revenues	23	(406,995,490)	(405,187,221)	(847,304,497)	(839,951,991)
Gross profit		65,461,451	62,633,742	141,805,285	138,950,800
Selling and distribution expenses	23	(22,584,250)	(19,806,554)	(40,979,703)	(41,342,772)
General and administrative expenses	23	(26,927,181)	(24,658,787)	(49,433,439)	(45,491,646)
Reversal of/(provision for) expected credit losses	23	2,715,439	(1,692,131)	2,715,439	(1,692,131)
Operating income		18,665,459	16,476,270	54,107,582	50,424,251
Share of results of associates, net	7	21,451	885,085	290,389	6,215,811
Investment income	18	11,983,901	24,608,695	52,522,775	73,298,625
Finance costs		(1,639,177)	(2,323,756)	(3,564,289)	(4,054,859)
Other income, net	19	6,349,476	6,104,105	8,597,469	7,271,198
Income before zakat		35,381,110	45,750,399	111,953,926	133,155,026
Zakat for the period	16	(3,614,299)	(9,245,407)	(7,214,299)	(11,459,288)
Net income for the period		31,766,811	36,504,992	104,739,627	121,695,738
Other comprehensive income					
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>					
Re-measurement of employees' defined benefits liabilities	14	12,292,822	(8,805,636)	21,113,512	(4,501,966)
Change in fair value of investments in equity instruments through other comprehensive income		1,183,686	17,354,478	4,379,983	31,755,802
Other comprehensive income for the period		13,476,508	8,548,842	25,493,495	27,253,836
Total comprehensive income for the period		45,243,319	45,053,834	130,233,122	148,949,574
Basic and diluted earnings per share	20	0.42	0.49	1.40	1.62
Weighted average number of outstanding shares	20	75,000,000	75,000,000	75,000,000	75,000,000



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Chief Executive Officer and Board Member

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National Gas and Industrialization Company
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six month period ended 30 June 2022

	<i>Share capital SR</i>	<i>Statutory reserve SR</i>	<i>Retained earnings SR</i>	<i>Unrealised gain on investments in equity instruments at fair value through other comprehensive income SR</i>	<i>Total SR</i>
Balance at 1 January 2022 (Audited)	750,000,000	225,000,000	151,964,481	524,380,156	1,651,344,637
Net income for the period	-	-	104,739,627	-	104,739,627
Other comprehensive income	-	-	21,113,512	4,379,983	25,493,495
Total comprehensive income for the period	-	-	125,853,139	4,379,983	130,233,122
Declared dividends (Note 15.a)	-	-	(56,250,000)	-	(56,250,000)
Balance as at 30 June 2022 (Unaudited)	750,000,000	225,000,000	221,567,620	528,760,139	1,725,327,759
Balance at 1 January 2021	750,000,000	225,000,000	44,448,445	545,958,651	1,565,407,096
Net income for the period	-	-	121,695,738	-	121,695,738
Other comprehensive (loss)/income	-	-	(4,501,966)	31,755,802	27,253,836
Total comprehensive income for the period	-	-	117,193,772	31,755,802	148,949,574
Declared dividends (Note 15.a)	-	-	(37,500,000)	-	(37,500,000)
Balance as at 30 June 2021 (Unaudited)	750,000,000	225,000,000	124,142,217	577,714,453	1,676,856,670



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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months period ended 30 June 2022

	Note	30 June 2022 SR	30 June 2021 SR
OPERATING ACTIVITIES			
Income before zakat		111,953,926	133,155,026
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation of property, plant and equipment		48,188,363	41,830,488
Amortisation of intangible assets		5,612,171	4,534,878
Depreciation of right-of-use assets	6.1	3,620,103	1,029,156
Finance cost of lease liabilities	6.2	480,968	122,575
Share in results of associates	7	(290,389)	(6,215,811)
Gain on disposal of property, plant and equipment		(84,588)	(260,766)
(Reversal of)/provision for expected credit losses	10	(2,715,439)	1,692,131
Provision for employees defined benefits liabilities	14	7,356,212	7,417,236
Amortisation of prepaid upfront fees on term loan		2,054,775	2,382,289
Follow up fees of term loan		1,028,546	1,549,995
Provision for/(Reversal of) slow moving inventories		3,094,735	(1,114,096)
Provision for replacing cylinders and others		235,979	-
Change in fair value of investments at FVTPL	18	1,491,304	(18,789,361)
Dividends received from investments at FVTOCI	18	(41,630,810)	(44,761,771)
		140,395,856	122,571,969
Working capital adjustments:			
Inventories		6,900,777	1,610,626
Accounts receivable, net		3,927,198	5,960,932
Prepayments and other current assets		(41,458,439)	(6,693,224)
Trade payables		45,678,032	54,183,047
Accrued expenses and other current liabilities		3,330,135	(22,769,403)
		158,773,559	154,863,947
Zakat paid		(12,437,744)	(12,316,763)
Employees defined benefits liabilities paid	14	(7,976,929)	(9,139,588)
Net cash generated from operating activities		138,358,886	133,407,596



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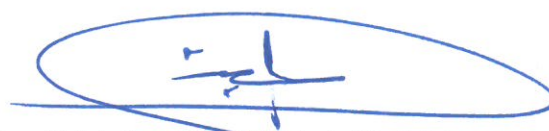
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months period ended 30 June 2022 (continued)

	Note	30 June 2022 SR	30 June 2021 SR
INVESTING ACTIVITIES			
Additions of property, plant and equipment		(80,244,744)	(64,620,104)
Additions of intangible assets		(2,268,591)	(875,000)
Purchase of investments at FVTPL		-	(200,000,000)
Proceeds from disposal of property, plant and equipment		1,065,414	969,235
Dividends received from associates		-	3,325,000
Dividends received from investments at FVTOCI	18	41,630,810	44,761,771
Net cash used in investing activities		(39,817,111)	(216,439,098)
FINANCING ACTIVITIES			
Lease liabilities paid	6.2	(3,679,514)	(521,170)
Repayments of term loan		-	(15,000,000)
Dividends paid		(56,000,611)	-
Follow up fees on term loan paid		(1,028,546)	(1,549,995)
Net cash used in financing activities		(60,708,671)	(17,071,165)
Net increase/(decrease) in cash and cash equivalents		37,833,104	(100,102,667)
Cash and cash equivalents at the beginning of the period		61,905,920	277,111,159
Cash and cash equivalents at the end of the period		99,739,024	177,008,492
NON-CASH TRANSACTIONS:			
Change in fair value of financial assets at FVTOCI		4,379,983	31,755,802
Actuarial gain/(loss) from remeasurement of employees defined benefit liabilities	14	21,113,512	(4,501,966)
Employees defined benefits liabilities transferred to accrued expenses	14	(1,291,797)	7,574,007
Dividends (note 15.a)		249,389	37,500,000



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Chief Executive Officer and Board Member

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2022

1. CORPORATE INFORMATION

A) ESTABLISHMENT OF THE COMPANY

National Gas and Industrialization Company (the “Company”) is a Saudi Joint Stock Company. The Company is registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010002664 dated 22 Rajab 1383H (corresponding to 9 December 1963). The share capital of the Company amounts to SR 750 million and is divided into 75 million shares of SR 10 each. As at 30 June 2022, the Public Investment Fund owns 10.91% (31 December 2021 and 30 June 2021: 10.91%), Mr. Abdulaziz Abdulrahman Al-Mohsen owns 6.66% (31 December 2021 and 30 June 2021: 6.66%) of the total Company’s shares, and the remaining shares are publicly traded.

The Company was established in accordance with the Royal Decree No. 713 dated 03/12/1380H to merge the Saudi Gas and Manufacturing Company and National Gas Company with the approval of the General Assembly of both companies, under the letter of H.H. the Minister of Commerce No. 2843/H dated 01/01/1381H, and the actual merge commenced in 1383H. Later to this date on 13/06/1384H, the Council of Ministers Decree No. 820 was issued by merging all the entities involved in gas activities in the Kingdom of Saudi Arabia into the National Gas and Industrialization Company. The Council of Ministers resolution No. 1615 dated 14/11/1395H determined the Company's share capital and the commencement of its activities on 01/01/1396H under the industrial license issued by the Ministry of Industry and Mineral Resources No. 659/S dated 09/07/1417H (corresponding to 20 November 1996).

B) GROUP’S ACTIVITIES

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

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

The Company has the following branches:

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2022 (continued)

1. CORPORATE INFORMATION (continued)

B) GROUP's ACTIVITIES (continued)

During the first quarter of 2021, the Company established a new subsidiary Company which is 100% owned under the name of Gas Solutions Company (owned by one person) (a limited liability company). The following are the details of the subsidiary:

<i>Subsidiary</i>	<i>Commercial registration number</i>	<i>Country of incorporation</i>	<i>Effective shareholding percentage</i>
Gas Solutions Company	1010693275	Kingdom of Saudi Arabia	100%

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These interim condensed consolidated financial statements for the three and six month periods ended 30 June 2022 were prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements approved by the Saudi Organization for Chartered and Professional Accountants.

The interim condensed consolidated financial statements are presented in Saudi Riyals (SR), which represents the Group's functional currency.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and they must be read in conjunction with the Group's audited financial statements for the year ended 31 December 2021. In addition, the results for the three and six month periods ended 30 June 2022, are not an accurate indication of the results that can be expected for the fiscal year ending 31 December 2022.

Judgments, estimates and assumptions

Preparing the interim condensed consolidated financial statements requires management to use certain judgments, estimates and assumptions that affect the application of accounting policies and the amounts presented for assets and liabilities, revenues and expenses. Actual results may differ from these estimates. The significant judgments taken by management in applying the Group's accounting policies and the main sources of uncertainty estimates are the same as those applied to the annual financial statements for the year ended 31 December 2021.

2.2 Basis of consolidation

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

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

The financial statements of the subsidiary are prepared for the same reporting period as the Group. Where necessary, accounting policies of the subsidiary has been changed to ensure consistency with the policies adopted by the Group.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied during the preparation of these interim condensed consolidated financial statements are the same policies applied during the preparation of the annual financial statements of the Group for the year ended 31 December 2021.

There are no new standards or interpretation with application date effective on 1 January 2021. There are amendments to the standards that come into effect on 1 January 2021, but they do not have any material impact on the Group's interim condensed consolidated financial statements.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2022 (continued)

4. SUBSIDIARY

The Company established a 100% owned subsidiary under the name of Gas Solutions Company on 9 March 2021 with an initial share capital of SR 5,000,000. The subsidiary started its operation during the second quarter of 2021. The following are the key financial items in the subsidiary's financial information:

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Current assets	28,185,675	5,669,666
Non-current assets	2,405,357	1,554,366
Current liabilities	19,716,507	2,792,830
Non-current liabilities	177,615	75,405
Equity	10,696,910	4,355,797

Summarised interim statement of comprehensive income for the periods ended 30 June 2022 and 2021:

	30 June 2022 (Unaudited) SR	30 June 2021 (Unaudited) SR
Revenues	24,982,778	-
Gross profit	9,650,332	-
Income/(loss) before Zakat	6,355,412	(588,759)
Zakat expense	(14,299)	-
Net income/(loss) after Zakat	6,341,113	(588,759)
Other comprehensive income	-	-
Total comprehensive income/(loss)	6,341,113	(588,759)

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment includes the following:

- Two plots of land with an aggregate value of SR 2.7 million (31 December 2021: SR 2.7 million) that have been mortgaged to the Saudi Industrial Development Fund (SIDF) and the process of pledging the remaining five plots of lands is under process (note 13).
- Capital work in progress amounted to SR 233 million (31 December 2021: SR 192 million) which mainly represents projects to develop the Group's stations and their capacity and also to develop production lines in accordance with the Group's needs and the public safety requirements.

6. RIGHT -OF- USE ASSETS AND LEASE LIABILITIES

Group as a lessee

The Group has lease contracts for various of plots of lands and machineries. Leases of land generally have lease terms between 3 and 75 years. The Group's obligations under its leases are secured by the lessor's title to the leased lands. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2022 (continued)

6. RIGHT -OF- USE ASSETS AND LEASE LIABILITIES (continued)

6.1 Right of use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period/year:

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
At the beginning of the period/ year	1,494,980	3,401,454
Additions during the period/year	24,159,176	-
Depreciation charge for the period/year	(3,620,103)	(1,906,474)
At the end of the period/ year	22,034,053	1,494,980

6.2 Lease liabilities

Set out below are the carrying amounts of lease liabilities recognised and the movements during the period/year:

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
At the beginning of the period/ year	2,440,820	4,550,830
Additions during the period/year	24,159,176	-
Paid during the period/year	(3,679,514)	(478,500)
Finance costs for the period/year	480,968	201,260
Transfer to trade payable during the period/year*	(937,721)	(1,832,770)
At the end of the period/ year	22,463,729	2,440,820
Current portion	5,250,910	1,781,367
Non-current portion	17,212,819	659,453

* The amount represents amounts overdue to lessor but not yet paid, therefore reclassified to payables.

The following are the amounts recognised in profit or loss:

	For the three months period ended 30 June		For the six months period ended 30 June	
	2022 (Unaudited) SR	2021 (Unaudited) SR	2022 (Unaudited) SR	2021 (Unaudited) SR
Depreciation expense of right-of-use assets	2,823,740	514,577	3,620,103	1,029,156
Finance costs on lease liabilities	419,504	60,464	480,968	122,575
Expense relating to short-term leases	(2,792,901)	549,387	468,079	684,836
Total amount recognised in profit or loss	450,343	1,124,428	4,569,150	1,836,567

Group as a lessor

The Group has entered into operating leases on lands. These are long term leases. Rental income recognised by the Group during the period is SR 6,800,074 (30 June 2021: SR 7,047,037).

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6. RIGHT -OF- USE ASSETS AND LEASE LIABILITIES (continued)

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

7. INVESTMENTS IN ASSOCIATES

Investments in associates comprise the following:

	<i>Ownership percentage</i>	<i>30 June 2022 (Unaudited) SR</i>	<i>31 December 2021 (Audited) SR</i>
Saudi Gas Cylinder Factory Company	37.57%	36,500,894	38,602,581
Natural Gas Distribution Company	35%	19,880,926	19,804,311
East Gas Company	35%	31,807,100	29,491,639
		88,188,920	87,898,531

The movement of investments in associates is as follows:

	<i>30 June 2022 (Unaudited) SR</i>	<i>31 December 2021 (Audited) SR</i>
At the beginning of the period/year	87,898,531	80,270,034
Prior year adjustment	-	(26,572)
Share of results of associates	290,389	13,430,069
Dividends received	-	(5,775,000)
At the end of the period/year	88,188,920	87,898,531

The share of results of associates comprises the following:

	For the three months period ended 30 June		For the six months period ended 30 June	
	<i>2022 (Unaudited) SR</i>	<i>2021 (Unaudited) SR</i>	<i>2022 (Unaudited) SR</i>	<i>2021 (Unaudited) SR</i>
East Gas Company	1,024,168	(1,251,087)	2,315,460	2,062,343
Natural Gas Distribution Company	-	213,883	76,615	505,164
Saudi Gas Cylinders Factory Company	(1,002,717)	1,922,289	(2,101,686)	3,648,304
	21,451	885,085	290,389	6,215,811

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8. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

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

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Investment in equity instruments – unquoted (notes a, b and c)	579,801,000	579,801,000
Closed REITs	45,630,000	44,190,000
Investments in equity instruments – quoted	19,241,356	17,002,846
Public traded REITs	3,996,970	4,048,334
	648,669,326	645,042,180

- a) The above investments in equity instruments which are unquoted have been evaluated through an independent expert valuer from the Saudi Authority for Valuers “TAQEEM” Value Hub for Business Valuation & Partner Co for the economic entities’ evaluation, who’s issued a report on the valuations of investments in the National Industrial Gases Company as of 31 December 2021, and he used the similar companies’ method (Market Method) to evaluate the investment in National Industrial Gases Company.
- b) During 2022, the general assembly of National Industrial Gases Company, approved distribution of dividends to the partners amounting to SR 450 million. The Group’s share is 9%, these distributions amounted to SR 40.5 million (30 June 2021: SR 43.7 million).
- c) The significant unobservable inputs used in the fair value measurement of equity instruments categorised within Level 3 of the fair value hierarchy as at 30 June 2022 and 31 December 2021 are as follows:

Unquoted Equity investment	Valuation technique	Significant unobservable inputs	Description of valuation technique
National Industrial Gases Company	Relative Valuation approach	Comparable entities Historical financial information Discount factor	This approach establishes value by comparison to recent sales of comparable assets or other multiple such as P/E, P/BV and EV/EBITDA. The market approach is a general way of determining the value of a business, business ownership interest, security, or intangible asset by using one or more methods that compare the subject to similar businesses, business ownership interests, securities, or intangible assets that have been sold.

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

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

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Portfolio of traded securities	97,218,769	95,247,213
Fixed income debt instruments	74,299,912	77,922,326
Jadwa Saudi Riyal Murabaha Fund	26,144,148	25,984,594
Investment in closed debt funds – Sukuk	100,000,000	100,000,000
	297,662,829	299,154,133

10. ACCOUNTS RECEIVABLE, NET

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Trade receivables	36,756,613	41,432,193
Other receivables	5,249,029	4,500,647
	42,005,642	45,932,840
Provision for expected credit losses	(12,068,310)	(14,783,749)
	29,937,332	31,149,091

The movement in provision for expected credit loss on trade receivables is as follows:

	2022 (Unaudited) SR	2021 (Audited) SR
Opening balance	14,783,749	16,121,734
Reversal	(2,715,439)	(1,337,985)
Closing balance	12,068,310	14,783,749

11. PREPAYMENTS AND OTHER CURRENT ASSETS

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Accrued rent and Murabaha income	29,759,062	22,640,558
Prepaid expenses	21,097,597	3,669,861
Advances to suppliers and contractors	19,973,790	5,433,729
Value added tax receivable	16,114,550	19,799,416
Employees' receivable	4,438,939	4,982,480
Insurance claims	106,903	187,077
Others	11,414,200	3,980,644
	102,905,041	60,693,765

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12. CASH AND CASH EQUIVALENTS

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Balances at banks	99,739,024	61,905,920
	99,739,024	61,905,920

13. TERM LOAN

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Principal amount due	119,000,000	119,000,000
Less: un-amortised portion of transaction cost	(4,601,057)	(6,655,832)
	114,398,943	112,344,168
Less: current portion	20,000,000	-
The non-current portion	94,398,943	112,344,168

On 17 Muharram 1440 H (corresponding to 27 September 2018), the Company signed an agreement to obtain a loan from Saudi Industrial Development Fund (SIDF) amounting to SR 203 million. The loan is for the purpose of developing the filling plants and distribution of gas in all regions with a production capacity of 1,648 thousand tons in all branches of the Company. The terms of the loan span over a tenure of 5 years. The loan is non-interest-bearing but carry only an upfront fee amount of SR 16.2 million that was paid at the start of the loan and also transaction costs relating to follow-up charges which is paid on semi-annual basis over the term of the loan. Further, this loan carries certain conditions / covenants, such as maintaining required current asset ratios during the term of the loan, a specific ratio of liabilities to net tangible value. The agreement also contains undertakings pledges of seven plots of land with a cost of SR 17.6 million; of which the Company has pledged 2 plots as at the reporting period (note 5).

During 2020, the Company received the full of financing in the amount of SR 186.8 million, after deduction of upfront fees of SR 16.2 million, according to the contract agreement. The repayment of the financing has been scheduled in ten semi-annual unequal installments starting from 15 Safar 1442H (corresponding to 2 October 2020). Also, during 2020, the Company completed the pledge of two lands to the SIDF (note 5), and the process of pledging the remaining five plots of lands is under process.

At 30 June 2022, the Company had available SR 72.5 million (31 December 2021: SR 98.5 million) of undrawn committed borrowing facilities.

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14. EMPLOYEES' DEFINED BENEFITS LIABILITIES

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
At the beginning of the period/year	140,600,642	156,481,393
Current service cost	5,243,412	11,500,923
Finance costs	2,065,000	3,640,483
Current service cost charge to work in progress	47,800	87,234
Paid during the period/year	(7,976,929)	(23,744,766)
Re-measurements (gain)/loss on employees defined benefit liabilities	(21,113,512)	472,081
Transfer to accrued employees' benefits	(1,291,797)	(7,836,706)
At the end of the period/year	117,574,616	140,600,642

The most recent actuarial valuation was performed by an independent, qualified actuary using the projected unit credit method.

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

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Discount rate	4.30%	2.8%
Future salary increases	3.75%	3.75%
Retirement age	60	60

All movements in the employees defined benefits liabilities are recognised in profit or loss except for the actuarial remeasurement gain or loss which are recognised in other comprehensive income.

Sensitivity analysis

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

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Discount rate		
Increase 1%	105,985,000	126,843,000
Decrease 1 %	130,263,000	158,952,000
The future increase in the salaries		
Increase 1%	130,202,000	157,599,000
Decrease 1%	105,830,000	125,837,000

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15. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<i>30 June 2022</i> <i>(Unaudited)</i>	<i>31 December 2021</i> <i>(Audited)</i>
	<i>SR</i>	<i>SR</i>
Dividends payable (note (a) below)	40,746,949	40,497,560
Advance from customers	39,129,889	31,610,467
Unapplied collection account (note (c) below)	27,389,468	27,389,468
Accrued expenses	22,781,945	26,330,554
Accrued employees' benefits (note (b) below)	21,408,066	19,624,100
Cash deposits from customers	3,231,783	3,106,520
Board of Directors and committees' remunerations	1,499,846	3,403,846
Others	1,039,249	393,359
	157,227,195	152,355,874

- a) The Group's board of directors decided on 20 Sha'ban 1443H (corresponding to 23 March 2022), to distribute interim cash dividends to shareholders for the second half of 2021 of SR 0.75 per share, amounting to SR 56,250,000. These interim cash dividends have been distributed to the shareholders in April 2022 (2021: SR 0.50 per share, amounting to SR 37.5 million) and were subsequently approved by the Annual General Assembly of the shareholders held on 27 June 2022.
- b) The above balance includes balance related to Early Retirement Plan of SR 0.44 million as at 30 June 2022 (31 December 2021: SR 1.07 million), established by the Group's Board of Directors during 2021. The plan costs are provided for in accordance with the Group's employees benefits policies which are mainly based on the current salary, actual years of service and the years of service until the normal retirement age. As the termination benefits are expected to be fully settled within twelve months from the end of the reporting period in which the termination benefit is recognised, the Group has applied the requirements for short-term employees' benefits. The provision is accounted for once the approval is made by the employee for the plan.
- c) The above account represents cash received from various customers, mainly collections for sale of gas tanks, other products and other transactions. It consists of amounts that have been outstanding for several years, which have not been claimed by respective customers. Hence, the Group has adopted a new policy that any outstanding amounts for 3 years and above will be reversed to income, if not been claimed.
This account includes certain transactions totaling SR 25.7 million which were discovered in 2020 by the Group and relate to embezzlement transactions committed by a former employee during the period from 2017 to 2020 and which had been routed through this account. The embezzlement transactions were reversed as at 31 December 2020, and separately isolated in this account. The management commenced an exercise on the accuracy of this account. This exercise is expected to be concluded during the current year.

16. ZAKAT PAYABLE

Status of assessments

The Group obtained final assessment for zakat until the end of the year 2004.

2005 to 2007 status:

Zakat, Tax and Customs Authority ("ZATCA") issued the final zakat assessments to the Group for the years from 2005 to 2007, which resulted in an additional amount of SR 39 million. The Group has objected against the assessments with the relevant appeal committee. There is no outcome of the result of this objection as of 30 June 2022, and the Group submitted a bank guarantee to the ZATCA of SR 39 million in this respect. Furthermore, the Group submitted an appeal against the decision of the First Circuit to settle income tax violations and disputes in the city of Riyadh No. (IFR-2021-1949) issued in Case No. (2020-19143-Z) related to the zakat assessments for the years 2005 to 2007, which amounted SR 39 million and it is currently pending for a hearing and discussion session to be set at the Appeals Chamber.

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16. ZAKAT PAYABLE (continued)

Status of assessments (continued)

2008 to 2010 status:

During 2019, the Group reached a settlement and paid to the ZATCA, for the assessments of the years 2008 to 2010 amount of SR 27 million.

2011 to 2013 status:

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

2014 to 2018 status:

During 2020, the Group received Zakat assessments for the years from 2014 to 2018, which resulted in an additional amount of SR 40 million. The Group has objected against the assessments with the relevant appeal committee. During the year 2021, this case has been separated into two different cases. Case No. 38736-2021-z is related to 2014-2016 till 2018 is in the separation stage. A date for hearing to consider the case was held on 4 April 2022 in which appeal committee issued its decision to reject the objection. The Group is now awaiting for the final decision to be received from the committee and then appeal against it. Case No. 58673-2021-z related to 2015 is at the separation stage. The status of the technical study of the case is currently under the General Secretariat of the Tax Committees.

2019 and 2020 status:

ZATCA issued the zakat assessment to the Group for the years 2019 and 2020, which resulted in an additional amount of SR 11.5 million. The Group has submitted the objection against the assessment with the relevant appeal committee and submitted a bank guarantee to the ZATCA of 50% of the total amount in this regard.

2021 status:

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

The final outcome of these assessments cannot be determined currently. Accordingly, the Group assessed its zakat status for the years in which it received zakat assessments, and for the years that were not examined by ZATCA and provided for appropriate provisions based on the assessments of the management and the zakat advisor of the Group.

17. REVENUES

	For the three months period ended 30 June		For the six months period ended 30 June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	SR	SR	SR	SR
Gas sales	446,877,871	439,519,076	928,640,518	908,393,040
Gas cylinders and tanks, and extension parts' sales	20,520,033	24,040,851	50,086,162	61,093,810
Service, transportation and installation revenue	3,542,360	4,261,036	7,633,339	8,295,941
Other commercial projects	1,516,677	-	2,749,763	1,120,000
	<u>472,456,941</u>	<u>467,820,963</u>	<u>989,109,782</u>	<u>978,902,791</u>

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18. INVESTMENTS INCOME

	For the three months period ended 30 June		For the six months period ended 30 June	
	2022 (Unaudited) SR	2021 (Unaudited) SR	2022 (Unaudited) SR	2021 (Unaudited) SR
Dividends income from investment at FVTOCI	21,349,671	10,393,622	41,630,810	44,761,771
Rent income from investment properties	3,444,506	3,542,267	6,800,074	7,047,037
Income from investment at amortised cost	1,101,812	-	2,191,500	-
Income from Sukuk and short-term Murabaha time deposits	1,140,555	1,444,733	3,391,695	2,700,456
Change in fair value of investments at FVTPL	(15,052,643)	9,228,073	(1,491,304)	18,789,361
	<u>11,983,901</u>	<u>24,608,695</u>	<u>52,522,775</u>	<u>73,298,625</u>

19. OTHER INCOME, NET

	For the three months period ended 30 June		For the six months period ended 30 June	
	2022 (Unaudited) SR	2021 (Unaudited) SR	2022 (Unaudited) SR	2021 (Unaudited) SR
Scrap sales	6,655,332	266,687	7,179,553	948,025
Gain on disposal of property, plant and equipment	52,018	13,500	84,588	260,766
Foreign currency exchange differences	(452,443)	(10,401)	105,718	(31,107)
Others	94,569	5,834,319	1,227,610	6,093,514
	<u>6,349,476</u>	<u>6,104,105</u>	<u>8,597,469</u>	<u>7,271,198</u>

20. EARNINGS PER SHARE

Earnings per share are calculated based on the weighted average number of shares outstanding. The diluted earnings per share are the same as the basic earnings per share, as the Group has not issued any discounted instruments as at 30 June:

	For the three months period ended 30 June		For the six months period ended 30 June	
	2022 (Unaudited) SR	2021 (Unaudited) SR	2022 (Unaudited) SR	2021 (Unaudited) SR
Net income for the period	31,766,811	36,504,992	104,739,627	121,695,738
Weighted average number of outstanding shares	<u>75,000,000</u>	<u>75,000,000</u>	<u>75,000,000</u>	<u>75,000,000</u>
Basic and diluted earnings per share	<u>0.42</u>	<u>0.49</u>	<u>1.40</u>	<u>1.62</u>

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21. COMMITMENTS AND CONTINGENCIES

Legal claim contingencies

On 7 August 2018, the Ministry of Transportation filed lawsuit against the Group regarding an explosion of the Group's tanker in Riyadh during 2012. On 3 December 2020, the Group received a preliminary ruling from the Second Traffic Department at the General Court in Riyadh, stating that the case against the Group is dismissed. On 22 March 2021, the Seventh Legal Department in the Court of Appeal issued the final ruling which includes the confirmation of the ruling issued by the Second Traffic Department at the General Court in Riyadh to dismiss the case against the Group.

In addition, there was another lawsuit filed by the Public Prosecutor against the Group and other five parties, regarding the same accident mentioned above. On 9 January 2020, the Seventh Legal Department in the Court of Appeal issued the final ruling which includes the confirmation of the ruling issued by the Second Traffic Department at the General Court in Riyadh to dismiss the case against the Group. This decision is related to the general right not the private right. According to the legal advisor, cases relating to the private right were dismissed or put on hold.

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

Guarantees and letters of credit

The Group has submitted a bank guarantee to ZATCA amounting to SR 39 million (31 December 2021: SR 39 million) relating to the Group's zakat assessments for the years from 2005 to 2007. During 2021, the Group has further submitted a bank guarantee to ZATCA for 50% of the total amount relating to the Group's zakat assessments for the years from 2019 to 2020 (note 16).

The Group has submitted a bank guarantee to Saudi Arabian Oil Company "Saudi Aramco" amounting to SR 280 million (2021: SR 280 million) relating to the supply of petroleum products.

The Group has outstanding letters of credit as at 30 June 2022 amounting to SR 51.8 million (31 December 2021: SR 35.6 million).

Guarantees related to an investee

The Group also has an outstanding guarantee for a loan granted by the Saudi Industrial Development Fund to Arabian United Float Glass Company (investee FVTOCI) amounting to SR 31 million as at 30 June 2022 (31 December 2021: SR 35 million).

Commitments

As at 30 June 2022, the Group has commitments of SR 168.1 million (31 December 2021: SR 130.4 million) related to capital work in progress under property, plant and equipment and intangible assets.

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22. OPERATING SEGMENTS

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

<i>30 June 2022 (Unaudited)</i>	<i>Central region SR</i>	<i>Western region SR</i>	<i>Eastern region SR</i>	<i>Southern region SR</i>	<i>Gas Solutions Company SR</i>	<i>Eliminations SR</i>	<i>Total SR</i>
Revenues	360,950,434	338,197,998	158,976,565	115,412,602	24,982,778	(9,410,595)	989,109,782
Cost of revenues	(298,958,968)	(273,157,652)	(126,552,161)	(95,178,859)	(15,330,543)	9,410,595	(799,767,588)
Depreciation and amortisation of assets	(20,543,198)	(20,383,425)	(6,314,298)	(6,514,933)	(44,680)	-	(53,800,534)
Depreciation of right- of-use assets	(1,002,874)	(1,469,040)	(668,305)	(479,884)	-	-	(3,620,103)
Selling and distribution	(20,452,263)	(7,097,706)	(1,959,982)	(2,687,487)	(1,891,336)	-	(34,088,774)
General and administrative	(42,364,394)	-	-	-	(1,360,807)	-	(43,725,201)
Operating income	(22,371,263)	36,090,175	23,481,819	10,551,439	6,355,412	-	54,107,582
<i>30 June 2022 (Unaudited)</i>							
Total Assets	734,820,120	258,480,587	78,462,119	90,601,674	30,591,032	(14,491,715)	1,178,463,817
Total liabilities	346,222,930	72,549,180	28,726,798	15,039,854	19,894,122	(10,346,952)	472,085,932

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22. OPERATING SEGMENTS (continued)

<i>30 June 2021 (Unaudited)</i>	<i>Central region SR</i>	<i>Western region SR</i>	<i>Eastern region SR</i>	<i>Southern region SR</i>	<i>Gas Solutions Company SR</i>	<i>Eliminations SR</i>	<i>Total SR</i>
Revenues	351,007,293	353,572,336	154,138,990	120,184,172	-	-	978,902,791
Cost of revenues	(281,761,261)	(294,719,319)	(122,976,395)	(101,681,577)	-	-	(801,138,552)
Depreciation and amortisation of assets	(17,631,934)	(19,831,817)	(4,985,029)	(3,916,586)	-	-	(46,365,366)
Depreciation of right- of-use assets	(444,061)	(329,471)	(143,632)	(111,992)	-	-	(1,029,156)
Selling and distribution	(21,300,472)	(8,522,292)	(2,994,190)	(2,188,040)	-	-	(35,004,994)
General and administrative	(44,351,713)	-	-	-	(588,759)	-	(44,940,472)
Operating income	(14,482,148)	30,169,437	23,039,744	12,285,977	(588,759)	-	50,424,251
<i>31 December 2021 (Audited)</i>							
Total Assets	636,530,816	251,254,954	78,835,693	89,033,783	7,224,032	(1,287,639)	1,061,591,639
Total liabilities	311,102,369	70,075,370	22,529,607	18,102,999	2,868,235	(1,076,605)	423,601,975

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

The revenue information above is based on the regional location of the customers. Segment revenue reported above represents revenue generated from external customers. There was SR 9,410,595 adjustment for the period ended 30 June 2022 (30 June 2021: SR Nil) (between the group and subsidiary company) which were eliminated at consolidation. No single customer contributed 10% or more to the Group's revenues. Zakat provision, term loan and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

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22. OPERATING SEGMENTS (continued)

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

Reconciliation of profit

	For the three months period ended 30 June		For the six months period ended 30 June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	SR	SR	SR	SR
Segment operating income	18,665,459	16,476,270	54,107,582	50,424,251
Share of results of associates, net	21,451	885,085	290,389	6,215,811
Investment income	11,983,901	24,608,695	52,522,775	73,298,625
Finance costs	(1,639,177)	(2,323,756)	(3,564,289)	(4,054,859)
Other income, net	6,349,476	6,104,105	8,597,469	7,271,198
Zakat for the period	(3,614,299)	(9,245,407)	(7,214,299)	(11,459,288)
Net income for the period	31,766,811	36,504,992	104,739,627	121,695,738

Reconciliation of assets

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
	SR	SR
Segment operating assets	1,178,463,817	1,061,591,639
Investments in associates	88,188,920	87,898,531
Financial assets held at fair value through other comprehensive income (FVTOCI)	648,669,326	645,042,180
Financial assets held at amortised cost	146,500,000	146,500,000
Financial assets held at fair value through profit or loss (FVTPL)	297,662,829	299,154,133
Investment properties	34,342,174	34,342,174
Total assets	2,393,827,066	2,274,528,657

Reconciliation of liabilities

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
	SR	SR
Segment operating liabilities	472,085,932	423,601,975
Term loan	114,398,943	112,344,168
Zakat payable	82,014,432	87,237,877
Total liabilities	668,499,307	623,184,020

23. COMPARATIVE FIGURES

Certain prior period figures have been reclassified to conform with the current period's presentation. These reclassifications relate to the followings:

- Reclassification of expected credit losses from general and administrative expenses to a separate line item amounting to SR 1,692,131 and SR 1,692,131 for the six and three month periods ended 30 June 2021 respectively.
- Reclassification of certain costs from selling and distribution expenses to cost of revenue amounting to SR 2,203,685 for the six and three month periods ended 30 June 2021 respectively.

These reclassifications did not have any significant impact on prior period net income or equity.

24. EVENTS SUBSEQUENT TO THE REPORTING DATE

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

25. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the Audit Committee in accordance with the authorisation of the Board of Directors on 9 August 2022.