Crowe

Smart decison. Lasting value.

Crowe Solutions For Professional Consulting
Member Crowe Global

NATIONAL BUILDING AND MARKETING COMPANY
(SAUDI JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
WITH INDEPENDENT AUDITOR'S REPORT

NATIONAL BUILDING AND MARKETING COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
WITH INDEPENDENT AUDITOR'S REPORT

Crowe

Crowe Solutions
For Professional Consulting
Member Crowe Global
P.O.Box. 10504 Riyadh 11443
Kingdom of Saudi Arabia
Telephone: +966 11 217 5000
Facesimile: +966 11 217 6000
www.crowe.com/sa

INDEPENDENT AUDITOR'S REPORT

TO: THE SHAREHOLDERS OF
NATIONAL BUILDING AND MARKETING COMPANY
(A Saudi Joint Stock Company)

Opinion:
We have audited the consolidated financial statements of NATIONAL BUILDING AND MARKETING COMPANY- A Saudi Joint Stock Company - (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise of the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion:
We conducted our audit in accordance with International Standards on Auditing ("ISAs") as endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as endorsed in the Kingdom of Saudi Arabia and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters:
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The following describes each of the key audit matters and how they were addressed:

Crowe

Key Audit Matters (continued)

Property, plant and equipment	
Key audit matter	**How the matter was addressed in our audit**
Property, plant and equipment is a key audit matter as measuring the depreciation and impairment of property, plant and equipment requires management to make judgments, assumptions and estimates related to determining useful life, depreciation method and impairment testing for property, plant and equipment (if any). As indicated in Note No. (4), the net book value of property, plant and equipment as at December 31, 2023 amounted to SAR 360,074,016 (31 December 2022: SAR 340,273,129).	Our audit procedures included, in our judgment, among others: • Studying and examining the internal control systems related to the financial operations of property, machinery and equipment. • Conducting an analytical and documentary study of the movements of additions and exclusions made on the accounts of property, plant and equipment. • Verify the actual presence and ownership of the group for such property, plant and equipment. • Verifying the validity of the consumption calculation and studying the management's estimates of the approved consumption rates. • Verifying that there are no indications of impairment in the value of property, plant and equipment that require an impairment test. • Verify the validity of presentation, disclosure and accounting policies in accordance with the relevant International Financial Reporting Standards.
Refer to note (3) for the accounting policy related to Property, plant and equipment and note (4) for related disclosures.	

Inventory valuation	
Key audit matter	**How the matter was addressed in our audit**
Inventory is considered a key audit matter due to the nature of the group's activity, which depends mainly on inventory in generating revenue and its impact on business results. And since the evaluation of inventory and determining the impairment in its value requires the use of several important assumptions and estimates that may have a material impact on the consolidated financial statements of the group. The inventory balance as at December 31, 2023 amounted to SAR 68,969,601 (2022: SAR 57,804,129).	Our audit procedures included, in our judgment, among others: • Attended and observed the annual inventory of the Group's stock as on 31 December 2023 to verify physical presence and assess the adequacy of stock presence control for a sample of items. • For out of stock items including raw materials and spare parts, we have reviewed the procurement processes, tested supporting documents and examined internal control systems on a sample basis. • Testing the reasonableness of the estimates used by the company in studying the decline in the value of stagnant and slow moving inventories. • Testing the net realizable value and comparing it with the recent selling prices of the inventory after deducting the cost to sell it on a sample basis, As well as examining the company's policy to determine cost using the weighted average method. • Evaluating the adequacy of disclosures in the financial statements to meet the requirements of the relevant International Financial Reporting Standards.
Refer to note (3) for the accounting policy related to inventory and note (9) for related disclosures.	

Key Audit Matters (continued)

Revenue recognition	
Key audit matter	**How the matter was addressed in our audit**
Revenue recognition is a key audit matter, as revenue is an important element of the Group's performance and results. And since it includes inherent risks that management may bypass internal control procedures by recording revenues in excess of their actual value to achieve goals or improve the results of the group. In addition to the group's reliance on a significant proportion of revenues from related parties. As indicated in Note No. (19), the group's revenue amounted to SAR 700,611,601 for the year ended December 31, 2023 (2022: SAR 652,189,564). Revenue includes related party revenue of 16.4% of total revenue for 2023 (2022: 26.9%)	Our audit procedures included, in our judgment, among others: • Testing the design and effectiveness of internal control procedures in relation to revenue recognition and its receivables. • Test cutting procedures to ensure that revenues are recorded in the correct periods. • Analytical procedures to understand the reasons for the discrepancy in revenues compared to the previous year, verify their rationale, and determine whether there are significant fluctuations that need additional examination in light of our understanding of current market conditions. • Detailed testing of a sample of the products sold and verifying the proper application of the revenue recognition policy. • Verifying the appropriateness of the accounting policy to realize the group's revenue in accordance with the requirements of International Reporting Standard No. (15) Revenue from Contracts with Customers. • With regard to related party revenues, in addition to some of the audit procedures mentioned above, we evaluated the process followed by the group when registering and reporting on related party revenues and determining whether they are within the normal course of the group and on commercial basis. • Evaluate the adequacy of disclosures in the financial statements in light of the relevant requirements of the International Financial Reporting Standards.
Refer to note (3) for the accounting policy related to revenue and note (19) for related disclosures.	

Crowe

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
NATIONAL BUILDING AND MARKETING COMPANY
(A Saudi Joint Stock Company)

Other Information
Management is responsible for the other information. Other information comprises the information included in the annual report other than the consolidated financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

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 the International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA"), Regulations for Companies and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' 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 International Standards on Auditing ("ISAs") as 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 International Standards on Auditing ("ISAs") as endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditors' Responsibilities for the Audit of the consolidated Financial Statements (continued)

- 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 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.

- Obtaining sufficient appropriate audit evidence regarding the financial information of the establishments or commercial 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year 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.

شركة طارق كرو للاستشارات المهنية
C.R. No. 1010466353
سجل تجاري رقم ١٠١٠٤٦٦٣٥٣
Crowe Solutions For Professional Consulting R.

Crowe Solutions
For Professional Consulting

Abdullah M. Al Azem
License No. 335

14 Ramadan 1445H (24 March 2024)
Riyadh, Saudi Arabia

NATIONAL BUILDING AND MARKETING COMPANY
(SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023
(Saudi Riyals)

	Note	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
Assets				
Non-current assets				
Property, plant and equipment, net	4	**360,074,016**	340,273,129	339,567,549
Right-of-use assets, net	5/1	**1,263,756**	1,653,772	32,840,539
Investments in associates	6	**19,877,042**	94,860,689	15,635,483
Investments Property, net	7	**331,518,668**	19,410,265	19,485,523
Investments in subsidiaries		-	-	125,000
Paid under investment account		-	-	75,000
Total non-current assets		**712,733,482**	456,197,855	407,729,094
Current assets				
Investment at fair value through profit or loss	8	**3,600,637**	3,154,518	483,336
Inventory, net	9	**68,969,601**	57,804,129	47,719,518
Trade receivables and other debit balances, net	10	**81,329,778**	90,570,008	66,278,844
Due from related parties	11/1	**138,707,912**	25,485,349	65,557,408
Cash and cash equivalents	12	**8,515,250**	9,837,867	15,493,844
Total current assets		**301,123,178**	186,851,871	195,532,950
Total assets		**1,013,856,660**	643,049,726	603,262,044
Shareholders' equity and liabilities				
Shareholders' equity				
Share capital	13	**120,000,000**	120,000,000	120,000,000
Statutory reserve	14	**21,393,020**	18,005,007	14,088,978
Retained earnings		**152,195,711**	124,979,007	90,167,333
Gains from re-measurement of employees' defined benefits		**2,243,965**	607,089	2,134,419
Net owners' equity attributable to the shareholders of Parent Company		**295,832,696**	263,591,103	226,390,730
Non-controlling interests		**11,772,270**	55,791	-
Total Shareholders' equity		**307,604,966**	263,646,894	226,390,730
Non-current liabilities				
Loans - non-current portion	16	-	-	45,486,000
Lease obligations - non-current portion	5/2	**95,402,057**	878,633	32,301,673
Employees' defined benefit obligations	15	**4,317,512**	4,648,938	2,362,485
Total non-current liabilities		**99,719,569**	5,527,571	80,150,158
Current liabilities				
Loans - current portion	16	**369,709,325**	258,902,292	216,828,160
Lease obligations - current portion	5/2	**83,334,508**	1,007,455	563,508
Trade payables and other credit balances	17	**98,675,785**	46,637,005	63,631,943
Due to related parties	11/2	**52,913,845**	65,821,858	13,565,161
Provision for estimated zakat	18	**1,898,662**	1,506,651	2,132,384
Total current liabilities		**606,532,125**	373,875,261	296,721,156
Total liabilities		**706,251,694**	379,402,832	376,871,314
Total Shareholders' equity and liabilities		**1,013,856,660**	643,049,726	603,262,044

Finance Department | Executive Director | Chairman of Board of Directors

The accompanying notes form an integral part of these consolidated financial statements

NATIONAL BUILDING AND MARKETING COMPANY
(SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(Saudi Riyals)

	Note	2023	2022 (Restated)
Revenue	19	**700,611,601**	652,189,564
Cost of revenue	20	**(616,473,012)**	(582,018,527)
Gross profit		**84,138,589**	70,171,037
General and administrative expenses	21	**(21,162,304)**	(18,376,257)
Provision for expected credit losses	10/2	**(2,404,961)**	(3,366,859)
Net operating income		**60,571,324**	48,427,921
Investments profit at fair value through profits or losses	8	**920,487**	461,017
The Company's share the profits / (losses) of its associate	6/1	**2,391,255**	(721,044)
Acquisition gains on Al-Ahsa Real Estate Growth Fund	1	**6,483,038**	-
Finance costs	22	**(43,418,548)**	(10,300,635)
Other revenue	23	**5,881,361**	2,452,981
Net income for the year before zakat		**32,828,917**	40,320,240
Zakat estimated expenses	18	**(2,291,389)**	(1,543,872)
Net income for the year		**30,537,528**	38,776,368
Profit for the year attributable to:			
shareholders of the parent company		**30,614,473**	38,742,308
Non-controlling interests		**(76,945)**	34,060
Net profit for the year		**30,537,528**	38,776,368
Other comprehensive income			
Items that may not be reclassified to statement of profit or loss for subsequent periods:			
Gains (loss) of re-measurement of employees' defined benefits	15	**1,636,709**	(1,527,330)
Total Other comprehensive income		**1,636,709**	(1,527,330)
Total comprehensive income for the year		**32,174,237**	37,249,038
Other comprehensive income for the year:			
shareholders of the parent Company		**32,251,349**	37,214,978
Non-controlling interests		**(77,112)**	34,060
		32,174,237	37,249,038
Earnings per share attributable to equity holders of the parent Company			
Basic	24	**2.55**	3.23
Diluted	24	**2.55**	3.23

Finance Department | Executive Director | Chairman of Board of Directors

The accompanying notes form an integral part of these consolidated financial statements

NATIONAL BUILDING AND MARKETING COMPANY
(SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023
(Saudi Riyals)

	Share capital	Statutory reserve	Retained earnings	Revaluation reserve for investments through OCI	Net owners' equity attributable to the shareholders of Parent Company	Non-controlling interests	Total Shareholders' equity
Balance as at 1 January 2023	120,000,000	18,976,366	133,721,238	607,089	273,304,693	55,791	273,360,484
Adjustments (Note 28)	-	(971,359)	(8,742,231)	-	(9,713,590)	-	(9,713,590)
Balance as at 1 January 2023 (Restated)	120,000,000	18,005,007	124,979,007	607,089	263,591,103	55,791	263,646,894
Net profit for the year	-	-	30,614,473	-	30,614,473	(76,945)	30,537,528
Other comprehensive income	-	-	-	1,636,876	1,636,876	(167)	1,636,709
Total comprehensive income	-	-	30,614,473	1,636,876	32,251,349	(77,112)	32,174,237
Transferred to statutory reserve from retained earnings	-	3,388,013	(3,388,013)	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	11,783,835	11,783,835
Results of acquisitions in subsidiaries	-	-	(9,756)	-	(9,756)	9,756	-
Balance as at 31 December 2023	120,000,000	21,393,020	152,195,711	2,243,965	295,832,696	11,772,270	307,604,966
Balance as at 1 January 2022	120,000,000	14,250,677	91,622,627	2,134,419	228,007,723	-	228,007,723
Adjustment (Note 28)	-	(161,699)	(1,455,294)	-	(1,616,993)	-	(1,616,993)
Balance as at 1 January 2022 (Restated)	120,000,000	14,088,978	90,167,333	2,134,419	226,390,730	-	226,390,730
Reconsolidation from consolidated the subsidiaries	-	-	(14,605)	-	(14,605)	21,731	7,126
Net profit for the year (Restated)	-	-	38,742,308	-	38,742,308	34,060	38,776,368
Other comprehensive income	-	-	-	(1,527,330)	(1,527,330)	-	(1,527,330)
Total comprehensive income	-	-	38,742,308	(1,527,330)	37,214,978	34,060	37,249,038
Transferred to statutory reserve	-	3,916,029	(3,916,029)	-	-	-	-
Balance as at 31 December 2022	120,000,000	18,005,007	124,979,007	607,089	263,591,103	55,791	263,646,894

الشركة الوطنية للبناء و التسويق
شركة مساهمة مقفلة
الرياض
س.ت / ١٠١٠١٥٣٦٧٨
C.R. 1010153678
Riyadh
National Building & Marketing Co.

Finance Department | Executive Director | Chairman of Board of Directors

The accompanying notes form an integral part of these consolidated financial statements

NATIONAL BUILDING AND MARKETING COMPANY
(SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASHFLOW
FOR THE YEAR ENDED DECEMBER 31, 2023
(Saudi Riyals)

	2023	2022 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before Zakat attributable to Shareholders	32,828,917	40,320,240
Net Income adjusted to net cash flows from operating activities		
Depreciation on property, plant and equipment	32,019,705	27,991,025
Depreciation of real estate investments	33,440,689	75,258
Depreciation of right-of-use assets	903,325	1,585,754
Finance charges	43,418,548	10,300,635
Company's share in (profits) from investments losses of an associate company	(2,391,255)	721,044
Provision for expected credit loss	2,404,961	3,366,859
Provision for slow moving inventories	-	300,000
Right of use assets adjustments	-	264,520
Profit from disposal of the right to use assets	-	(2,152,981)
Profit of Investments at fair value through profit or loss	(920,487)	(461,017)
Profit from disposal of real estate investments	(5,840,252)	-
Profit from acquiring on Al-Ahsa Real Estate Growth Fund	(6,483,038)	-
Employees' defined benefit obligations	1,806,283	947,413
	131,187,396	83,258,750
Change in assets and liabilities:		
Inventory	(11,165,472)	(10,384,611)
Trade receivables and other debit balances	11,218,139	(29,316,532)
Due from related parties	(56,693,390)	2,862,523
Trade payables and other credit balances	37,613,624	(19,043,681)
Due to related parties	40,928,611	66,474,823
Zakat paid	(925,613)	(1,047,899)
Paid from employee defined benefit obligations	(501,000)	(188,290)
Finance charges paid	(20,653,188)	(6,390,656)
Net cash flows from operating activities	131,009,107	86,224,427
INVESTING ACTIVITIES		
Payments for the acquisition of a subsidiary, net of cash acquired	(44,355,998)	-
Purchase of property, plant and equipment	(51,820,592)	(28,696,605)
Addition real estate investments	(19,075,642)	-
Gain from the sale of real estate investments	25,100,000	-
Due to related parties	(33,392,750)	(16,607,250)
Dividends from investments at fair value from profit or loss	785,000	-
Purchasing investments in associated companies	-	(80,000,000)
Purchase of investments at fair value through profit or loss	(310,632)	(2,210,165)
Net cash flows used in investing activities	(123,070,614)	(127,514,020)
FINANCING ACTIVITIES		
Leases paid	(43,095,096)	(814,052)
Due from related parties	(56,529,173)	37,209,536
Due to related parties	(20,443,874)	2,650,000
Net movement in loans and facilities	110,807,033	(3,411,868)
Net cash flows (used in) / from financing activities	(9,261,110)	35,633,616
Net change in cash balances during the year	(1,322,617)	(5,655,977)
Cash and cash equivalents at beginning of the year	9,837,867	15,493,844
Cash and cash equivalents end at of the year	8,515,250	9,837,867
Non-cash transactions		
Additions of the right to use the assets and investment properties exchange for lease liabilities	207,980,382	-
Transfer from an investment in an associate to an investment in a subsidiary	77,374,902	53,750
Clearing the provision for estimated zakat and value added tax	(973,765)	(1,121,706)
Change in non-controlling interest	(77,112)	34,060
Disposal of the right to use the assets in exchange for lease liabilities	-	29,396,859
Transfer from payments on an investment account to an investment in a subsidiary	-	75,000
Transferred from projects under construction for investment properties	-	19,485,523
Settlements to consolidate subsidiaries from due to related parties	-	7,126
Non-cash transactions related to the acquisition, please refer to Note 1		-

Finance Department | Executive Director | Chairman of Board of Directors

The accompanying notes form an integral part of these consolidated financial statements

(Saudi Riyals)

1. Activities

National Building and Marketing Company, a listed Saudi Joint Stock Company, was established as per Ministerial Resolution No. (70/Q) on 29/03/1435H (30/01/2014) and according to the Articles of Association and its latest amendments on 22/05/2017. The Company was registered in the Commercial Register in Riyadh under 1010153678 dated 17/1/1420 H.

The Company's activity is the wholesale and retail trade in construction materials (iron, timber, manual and industrial tools, electronic and computer appliances, spare parts, office equipment, office furniture, educational aid, maintenance of medical and scientific equipment and supplies, hospital and laboratory supplies, medical furniture, spare parts, general building materials, decoration works, paints, chemicals and advertising gifts.

The consolidated financial statements include the accounts of the Head Office and the following branches:

a. Laboratory Branch of National Building and Marketing Company, C.R. 1010371828, issued on 13/06/1434 H. (expired)
b. Naher Al Bardouni Branch of National Building and Marketing Company, C.R. 1010283864, issued on 27/03/1431 H (expired).
c. Branch of National Building and Marketing Company, C.R. 1010612194, issued on 26/01/1439 H.

-The accompanying consolidated financial statements include the accounts of the Company and its subsidiary, referred to as the "Group" and they are as follows:

Subsidiary	Place of incorporation	paid Capital	Shareholding percentage 2023	2022
Ajeej Steel Manufacturing Company (A)	KSA	180,000,000	%100	%100
Flex Shield Company for Information Technology (B)	KSA	125,000	%90	%60
Yuzmash Industry Company (C)	KSA	55,000	%55	%55
Alma Company for Military Industry (D)	KSA	75,000	%60	%60
Arabian Steel Trading Company (E)	KSA	125,000	%100	-

(A) On 15/3/2021, the company's Article of Association was amended, with the exit of the partner / Fahad Al-Thunayan bin Fahd Al-Thunayan and his relinquishment of all his shares in the company, amounting to 180,000 shares, with a total value of 180,000,000 Saudi riyals, including its rights and obligations in favor of the National Building and Marketing Company with Keep the same name and commercial registration number.

(B) On 25/11/2020, the group contributed to the capital of Flexible Shield Company for Information Technology - a closed joint stock company - by 43% in the capital amounting to 500,000 Saudi riyals, and 25% of the value of our contribution to the capital amounting to 125,000 Saudi riyals was paid. The remaining value of the shares on the dates determined by the Board of Directors. The commercial register was issued on 11/02/2021 and the articles of association on 26/10/2021. Flexible Shield Information Technology Company was controlled on 08/06/2022, and the ownership percentage was increased from 43% to 60%. On 15/11/2023, the company increased its ownership percentage to 90%.

(C) On 17/10/1442H corresponding to 29/05/2021, Yuzmash Industry Company - Limited Liability was established with a capital of 100,000 Saudi riyals, shared by 55% of the capital with an amount of 55,000 Saudi riyals. The commercial registration was issued on 23/12/2021, and the first fiscal year ends on 31 December 2022, and the company has not started to practice activity since its inception to date.

(D) On 08/12/2021, 60% of its capital of 500,000 Saudi riyals was contributed to the capital of Alma Company for Military Industry - a closed joint stock company, and 25% of the value of our contribution to the capital of 300,000 Saudi riyals was paid at a value of 75,000 Saudi riyals, provided that The remaining contribution will be paid on the dates determined by the Board of Directors. The commercial register and articles of association of the company have been issued, and the company has not begun to practice activity since its founding to date.

(Saudi Riyals)

1- Activities (continued)

(E) On 22/05/1445H, corresponding to 04/12/2023, the Arab Steel Commercial Company was established - a closed joint stock company with a paid-up capital of 125,000 Saudi riyals, and 100% of the capital was contributed in the amount of 125,000 Saudi riyals. The first fiscal year ends on December 31, 2024. The company's financial statements have been consolidated, and the company has not started practicing activity since its founding to date.

In addition to the subsidiaries mentioned above, management has concluded that the Group has effective control over the fund mentioned below, and has therefore begun to consolidate the financial statements of that fund, effective from the effective date of exercising control over it.

Investment fund	Property ownership	Date of incorporation	Date of effective control	Purpose
Al-Ahsa Real Estate Growth Fund	91,62%	7 September 2021	11 May 2023	Achieving capital growth in the medium term for unitholders

Acquisition during the year
On May 11, 2023, the company acquired 91.62% of the equity in the Al-Ahsa Real Estate Growth Fund "the Fund" for SAR 122.4 million.

The Company terminated this acquisition as a business under "International Financial Reporting Standard No. 3 - Business Combinations" and accordingly this transaction was accounted for using the acquisition method in accordance with International Financial Reporting Standard No. 3, with the Company being the acquirer and the Fund being the acquirer. Non-controlling interests were measured based on the percentage owned by them share of net recognized assets of SAR 11.8 million.
The fair values of the acquired assets and committed liabilities at the acquisition date are as follows:

Item name	The amount as on the date of acquisition
Asset acquired	
Cash and cash equivalents	620,778
Trade receivables and other debit balances	5,356,635
Investments Property	138,266,125
Total asset	**144,243,538**
Liabilities	
Trade payables and other credit balances	3,624,987
Total liabilities	**3,624,987**
Net identifiable assets	140,618,551
Non-controlling interests	11,783,835
Acquisition gains	6,483,038
Purchase amount	122,351,678

2. Basis of preparation consolidated financial statements

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

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to June 30, 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to January 19, 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444 H (corresponding to January 19, 2023). The management is in process of assessing the impact of the New Companies Law and will amend its Articles of Association/By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended By-Laws to the shareholders/partners in their Extraordinary / Annual General Assembly meeting for their ratification.

2. Basis for consolidating the financial statements (continued)

2.2 Basis for financial consolidation

The consolidated financial statements of the Group include the financial statements of the Company and its subsidiaries (Note 1).

Subsidiaries are companies controlled by the Group. Control is achieved when the group has:

- Control over the investee (having rights that give the Group the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns through its relationship with the investee.
- The ability to use its power over the investee company to affect its returns.

In general, there is an assumption that a majority of voting rights results in control. In support of this presumption, when the Group has less than a majority of voting or similar rights in an investee, the Group considers all relevant facts and circumstances when determining whether it controls an investee. This includes:

- The contractual arrangement(s) with the other voting rights holders of the investee company.
- Rights resulting from other contractual arrangements.
- Group voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the above elements of control.

Consolidation of a subsidiary begins when control of the subsidiary is transferred to the Group and ceases when the Group loses control of the subsidiary. The assets, liabilities, revenues and expenses of the subsidiary that were acquired (or disposed of) from the date of transfer of control over the company during the year are included in the consolidated financial statements of the Group until the exercise of such control ceases.

2.3 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis using the accrual basis of accounting and the going concern basis, except for:

- Derivative financial instruments measured at fair value.
- Employee defined benefit obligations, actuarial present value calculations are used based on the projected unit increment method.
- Investments measured at fair value through other comprehensive income.

2.4 Functional and presentation currency

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

2.5 Going concern

The group's current liabilities exceeded its current assets by an amount of 305,408,947 Saudi riyals. The consolidated financial statements were prepared on the basis of the going concern principle, as the future cash flows of the consolidated financial statements were studied, and the management concluded that the group has a strong financial position and operational performance that enables it to fulfill its obligations.

2. Basis for consolidating the financial statements (continued)

2.6 Critical accounting judgements, estimates and assumptions

- The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts included in the report for assets, liabilities, revenues and expenses. The estimates and related assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances and result that are the basis for making the judgments about carrying amounts of assets and liabilities that are not observable from other sources. Actual results may differ from these estimates.

- The estimates and underlying assumptions are reviewed on an ongoing basis, and the revision of the accounting estimates is recorded in the period in which the estimates are revised if the modification affects only that period or in the period of the review and future periods if the modification affects both the current and future periods.

2.6.1 Judgments

The following is an explanation to the significant judgments when applying the accounting policies that have a material impact on the amounts presented in the consolidated financial statements and the notes thereto:

Fulfilment of performance obligations

The Company evaluates each of its contracts with customers to determine whether performance obligations have been satisfied over time or at a point in time in order to determine the appropriate method for recognizing revenue under the provisions of the relevant laws and regulations.

Determination of transaction prices

The Company determines transaction prices in relation to each of its contracts with customers. When making such judgment, it assesses the impact of any variable consideration in the contract as a result of discounts or fines and the existence of a significant financing component within the contract, or any non-cash consideration within the contract.

2.6.2 Assumptions and estimates

The following is an explanation of information to assumptions and estimates of uncertainty that have a significant impact on the amounts presented in the consolidated financial statements and the notes:

Going concern

The consolidated financial statements have been prepared in accordance with the going concern principle. The Management has made an assessment of the Company's ability to continue as a going concern. Despite what is indicated in note (2/5), the Group is satisfied that it has the necessary resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern according to the going concern principle.

Useful lives of property, plant and equipment

Management reviews the residual value of useful lives annually to verify that it reflects the expected benefit to be obtained. If it differs from previous estimates, changes in depreciation expense in current and future periods are adjusted, if any.

2. Basis for consolidating the financial statements (continued)

Fair value measurement of financial instruments

When it is not possible to measure the fair values of financial assets and financial liabilities recorded in the statement of financial position on the basis of prices traded in active markets. Its fair value is determined using valuation methods, including the discounted cash flow model. The inputs to these models are taken from observable markets where possible. When this is not feasible, a degree of judgment is required to determine the fair value. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility risk. Changes in assumptions about these factors could affect the fair value of financial instruments.
Possible price is evaluated, resulting from business combination, at fair value at the acquisition date as part of a business combination. When the price meets the definition of a financial liability. It is subsequently re-measured at fair value at each reporting date. The fair value determination is based on discounted cash flows. Key assumptions take into account the probability of meeting each performance objective and the discount factor.

Interest rate implicit in leases
The Group cannot readily determine the interest rate implicit in all leases. Therefore, it uses the Incremental Borrowing Rate (IBR) to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make Company-specific estimates.

Provision for expected credit losses on trade receivables
The Company uses a provision matrix to calculate expected credit losses on trade receivables. The matrix is based on past default experience monitored by the Company. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

Impairment of non-financial assets
(Except for inventory, investment properties and goodwill - if any - which are separately assessed for impairment), Management reviews at each reporting date the carrying values of other non-financial assets to determine if there is any indicator that the value of non-financial asses may be impaired. In the event of such indication, the recoverable value is estimated and the book value is reduced thereto and the impairment loss of those assets is recognized and charged to the statement of income.

The recoverable amount is measured using the higher of fair value of the asset less the cost to sell it or the present value of the cash flows expected to be derived from it according to the discount rate.

Indications of impairment of a non-financial asset may be information that a material impairment has occurred the market value of the asset is more than expected as a result of normal use or the availability of evidence of obsolescence, damage or deterioration of its expected economic performance whether in its operating results or in the expected cash flows from it.

When there are indications that a recognized impairment loss in prior periods may no longer exist or have decreased, impairment loss is reversed only to the extent that it does not exceed the previously recognized impairment loss.

2. Basis for consolidating the financial statements (continued)

Impairment of non-financial assets (continued)

The following notes include information on assumptions and other estimates of uncertainty:

- Note (3/7) Impairment of inventory
- Note (3/11) Measurement of employees' defined benefit obligations
- Note (3/13) Provisions
- Note (3/15/1): Impairment of financial assets measured at cost or amortized cost

3. Material accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

In addition the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material' rather than 'significant' accounting policies. Although the amendments did not result in any changes to the accounting policy themselves, they impacted the accounting policy information disclosed in certain instances.

3.1 Current/non-current classification of assets and liabilities

The Company presents assets and liabilities in the balance sheet based on current/non-current classification as follows:

Assets

- An asset is classified as current when:
  - It is expected to be realized or intended to be sold or consumed in normal operating cycle;
  - It is held primarily for the purpose of trading;
  - It is expected to be realized within twelve months after the reporting period; or
  - is cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- All other assets are classified as non-current.

Liabilities

- A liability is classified as current when:
  - It is expected to be settled in normal operating cycle;
  - It is held primarily for the purpose of trading;
  - It is due to be settled within twelve months after the reporting period; or
  - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- All other liabilities are classified as non-current.

(Saudi Riyals)

3. Material accounting policies (continued)

3.2 Property, plant and equipment

3.2.1 Recognition and measurement

- Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss, if any, except for land and Constructions work in progress.

- Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

- Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within the statement of income.

3.2.2 Derecognition

The carrying amount of an item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an item of property, plant and equipment are recognized in the income statement.

3.2.3 Subsequent costs of acquisition

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of income as incurred.

3.2.4 Deprecation

- Depreciation is calculated based on the cost of assets less residual value. The significant components of individual assets are estimated. If a component has a useful life different from the useful life of the remaining asset, the useful life of that component is depreciated independently.
- Depreciation is recognized in the statement of income using a straight-line method over the estimated useful lives of each component of property and equipment. The methods of depreciation, useful lives and residual value are reviewed at each financial position date, and adjusted if appropriate. Depreciation of an asset begins when it is available for use. Depreciation of an asset ceases at the earlier of when the asset is classified as held for sale or is when the asset is derecognized.
- Improvements to buildings on a leased land and buildings constructed on a leased land are depreciated over the period of their economic productivity or the unfinished lease period whichever is less. The following are the estimated useful lives for the current and comparative periods:

- Buildings on leased lands	8% - 13 %	- Plant and equipment	15%
- Motor vehicles	20%	- Furniture and decorations	10%
- Electrical devices and air-conditioners	10%	- Tools	15%
- Scaffolding and Fittings	10%		

3.3 Projects under construction

Projects in progress are stated at cost and include the cost of construction, equipment and direct overheads. Capital work in progress is not depreciated. It will be depreciated by the Company when it is ready for use as it is transferred to property and equipment.

3. Material accounting policies (continued)

3.4 Investment Properties

a) Recognition

Lands and lands on which buildings are built and buildings owned by the company for the purposes of generating rental income or to increase the value of capital, or for both purposes, are classified as investment properties. Properties that are constructed or developed for future use as investment properties are also classified as investment properties.

b) Measurement

Investment properties are measured at cost less accumulated depreciation, if any. Where no consumption is calculated for lands and lands on which buildings are built. Building depreciation is calculated according to the straight-line method based on its useful life by adopting the following annual percentages: (real estate investment) School building 3%
Right to use an asset 20%

Investment Properties are shown at cost in accordance with International Accounting Standard No. (40), as the standard allowed the company to record its Investment Properties either at cost or at fair value, provided that there is no obstacle preventing the ability to reliably determine the value Investment Properties. The company's management has chosen the cost model to record its Investment Properties

3.5 Right-of-use assets and lease rights

- The Company recognized new assets and liabilities for different types of its operating leases. Each lease payment is allocated between settling the liabilities and the finance cost. Finance costs are charged to the statement of statement of profit or loss over the term of the relevant lease in order to produce a constant periodic interest of charge on the remaining balance of the liabilities for each accounting period. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

- Assets and liabilities arising from a lease are initially measured on a present value basis.

1. Right-of-use assets are measured at cost comprising the following:

- The amount of initial recognition of lease liability
- Any lease payments made at or before the commencement date minus lease incentives received
- Any initial direct costs; and
- Restoration costs.

2. Lease liabilities include net present value of following lease payments:

- Fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate;
- Amounts expected to be paid under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease; If the lease term reflects the tenant's exercise of that option.

3. Material accounting policies (continued)

3.5 Right-of-use assets and lease rights (continued)

If the lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The terms of leases are renegotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but the leased assets may not be used as collateral for borrowing purposes.

The group recognized new assets and liabilities for its operating leases, which represented fuel stations. Each lease payment is distributed between liabilities and finance costs. The financing cost is charged to the statement of comprehensive income over the lease period so that a fixed periodic interest rate is achieved on the remaining balance of the liability for each period. Right-of-use assets are depreciated over the shorter of the useful life of the asset and the lease term, on a straight-line basis.

3.6 Investments

3.6.1 Investments in subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control is presumed to exist over the subsidiary when the Company owns, directly or indirectly, more than half of the voting power of an investee unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists when the Company owns half or less of the voting power of an investee but has other power to govern the financial and operating policies of the entity.

The financial statements of the subsidiaries are consolidated in full from the date of acquisition, being the date when control is transferred to the Group. Consolidation continues until the date of such control ceases.

3.6.2 Accounting for investments using equity method of accounting

Investments in subsidiaries and associates are accounted for using the equity method of accounting by which an equity investment is initially recorded at cost of acquisition and subsequently adjusted to reflect the investor's share of the income and comprehensive income of the investee.

If the Company's share of losses of an investee equals or exceeds its interest in the investee, the Company discontinues recognizing its share of further losses. However, after the Company's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the investee. If the investee subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

An associate is an entity over which the Group has significant influence and which it does not control or have joint control over. Significant influence is the ability of the Group to participate in the financial and operating decisions and policies of the investee, and is not considered control or joint control over those policies.

3.7 Inventories

Inventories are measured at lower of cost and net realizable value.

The cost is determined as follows:

- **Raw materials**: The cost includes the costs of purchasing materials and all expenses incurred to bring them to their present location. The cost is measured using the weighted average method.
- **Work in progress and finished goods**: It includes the cost of materials used in production in addition to the cost of direct labor and all other direct and indirect expenses incurred in connection with converting the product and bringing it to its present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less any expected costs of completion and the estimated selling costs.

Impairment of inventory

An assessment is made at each reporting date whether any inventories are impaired by comparing the carrying amount of each inventory item (or a group of similar items) with the selling price less the cost of completion and sale. If the net selling price is less than the carrying amount, the impairment loss is recognized for the inventory.

3.8 Trade receivables and other debit balances

Trade receivables and other debit balances are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any transaction costs directly attributable to them.

3.8.1 Provision for expected credit losses

Provision is made for impairment of expected credit losses when there is objective evidence that the Company will not be able to collect all amounts due in accordance with the underlying terms of the transactions. The main financial difficulty of debtors is the possibility of bankruptcy or financial restructuring, or delay in payment. These are indicators of impairment of trade receivables. In respect of large amounts individually, an estimate is made on an individual basis Amounts that are not individually significant but have expired and have not been repaid, they are estimated collectively and a provision is made based on the length of the period due based on historical recovery rates.

3.9 Transactions with related parties

A related party

A related party is the person or entity associated with the company whose financial statements are prepared.

a) If the person or a member of his family is closely related to the company whose financial statements are prepared:

1) has control or joint control of the company whose financial statements are prepared;

2) It has a material impact on the company whose financial statements are prepared. or

3) He is a member of the senior management of the company whose financial statements are prepared or the parent company of the company whose financial statements are prepared.

b) If the establishment is related to the company whose financial statements are prepared if any of the following conditions are met:

1) The establishment and the company whose financial statements are prepared are members of the same group (which means that each of the parent company and subsidiaries and associates are related to each other).

2) One of the two companies is an associate or joint venture of the other company (or an associate or joint venture of a member of a group of which the other company is a member).

3) Both companies are joint ventures of the same third party.

3.9 Transactions with related parties

A related party

4) One of the two companies is a joint venture of a third company and the other company is an associate company of the third company.

5) Company is a post-employment benefit plan for the benefit of employees of any company whose financial reports are prepared or a company related to the company whose financial statements are prepared. If the company that prepares the financial statements is the same that prepares those plans, the sponsoring business sponsors are also related to the company that prepares the financial statements.

6) the company is controlled or jointly controlled by a person specified in paragraph (a).

7) The person specified in paragraph (a) (1) has a material influence over the company or is a member of senior management in the company (or its parent company).

8) The company or any member of a group thereof provides part of the services of senior management personnel to the company that prepares its financial statements or to the parent company of the company that prepares its financial statements.

3.10 Cash and cash equivalents

Cash and cash equivalents within the statement of financial position comprise cash with banks, cash on hand, short-term deposits with original maturities of three months or less. They are exposed to insignificant risks of changes in value.

For the purpose of preparing the statement of cash flows, cash and cash equivalents comprise cash with banks, cash on hand and the above short-term deposits less outstanding overdraft accounts that form an integral part of the Company's cash management.

3.11 Employees' defined benefit obligations

The end of service benefits for employees working in accordance with the terms and conditions of the Labor Law in Saudi Arabia will be due upon termination of their service contracts and charged to the income statement. or the bonuses specified at that time. The amount of the liability is calculated on the basis of the present value of the earned bonus to which the employee would be entitled to leave his business at the statement of financial position date. The end-of-service benefit payments are based on the employees' final salaries and allowances and their cumulative years, as defined by the conditions stated in the regulations of the Kingdom of Saudi Arabia. An actuarial expert calculates the specific benefit obligations which include actuarial gains and losses within the other comprehensive income immediately, if any. The Company determines the interest expense for the liability for the specific bonuses for the period using the discount rate used to measure the obligation of the bonuses specified at the beginning of the annual period of the liability.

For Saudi employees, the Company contributes in line with General Organization for Social Insurance regulations and is calculated as a percentage of employees' wages. The Company's obligations are limited to these contributions, which are expensed when due.

3.12 Trade payables and other credit balances

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed to the Company or not.

3.13 Provisions

Provisions are recognized when there is a legal or constructive obligation to the Company arising from a past event, and the Company is likely to settle the obligation with the possibility of making a reliable estimate of that obligation.

3.14 Zakat

Zakat is calculated and provided for by the Company in accordance with the regulations of the Zakat, Tax and Customs Authority and is charged to profit or loss. Adjustments arising from zakat assessment for the Parent Company and the subsidiary are settled during the reporting period when the final assessment is issued and are recorded in separate financial statements.

3. Material accounting policies (continued)

3.15 Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset or a financial liability is recognized and measured in accordance with measurement, recognition and disclosure requirements of IFRS 9.

Relevant detailed accounting policies are as follows:

3.15.1 Financial assets

Initial recognition and measurement

- Trade receivables and deposits are recognized on the date they arise while all other financial assets are recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.
- Financial assets are initially measured at the transaction price directly attributable to the acquisition of the asset, including transaction costs except financial assets that are subsequently measured at the fair value through the income statement. If the arrangement constitutes, in effect, a financing transaction, a financial asset is recognized at the present value of future payments discounted at a market rate of interest.

Classification and subsequent measurement

- IFRS 9 has three major categories of financial assets as follows: Financial assets that measured as amortized cost. Assets measured at fair value through other comprehensive income and assets measured at fair value through profit or loss.

- Under IFRS 9, derivatives embedded in contracts containing the basic instrument are financial assets within the scope of the standard and are not separated. The entire hybrid financial instrument is assessed for classification.
- Subsequent measurement of financial assets depends on their classification as described below:

Financial assets at amortized cost

These assets are measured upon initial recognition at fair value plus transaction costs directly attributable to the acquisition or issue of the financial asset. After the initial recognition, these are measured at depreciated cost using the effective interest method.

Financial assets at fair value through other comprehensive income

- On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies.

- Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

- Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

3. Material accounting policies (continued)

3.15- Financial instruments: (continued)

3.15.1- Financial assets (continued)

Financial Assets at fair value through profit or loss:

Financial assets carried at fair value through profit or loss include financial assets held for trading and financial assets classified at initial recognition as fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. After initial recognition, they are re-measured at fair value.

Derecognition of financial assets

A financial asset is primarily derecognized when:

-The contractual rights to the cash flows from the financial asset expire;

-The Company transfers the rights to receive the contractual cash flows from the asset; Or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either the Company has transferred substantially all the risks and rewards of the asset, or it has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets measured at cost or amortized cost

Under IFRS 9, an impairment review is made at each reporting date for financial assets measured at amortized cost or FVTOCI except investments in equity instruments as well as contract assets as per the expected future credit loss model, which requires a significant estimate of how changes in economic factors affect the expected credit loss models that are determined on a weighted probability basis. Provision for loss will be measured on one of the following bases:

1. The expected credit loss over 12 months: This expected credit loss arises from default and potential default events within 12 months after the reporting date.
2. The expected credit loss over the life of the financial instrument: It is the expected credit loss of financial assets on reporting date since initial recognition. The expected credit loss over 12 months measurement is applied if the credit risks have not increased substantially at the reporting date. The entity may determine that the credit risk does not increase substantially in case the instrument is exposed to low credit risk at the reporting date. However, the measurement of expected long-term credit losses is always applied to trade receivables and contract assets without any significant financing components. The entity may choose to apply this policy also to trade receivables and contract assets with significant financing components.

3.15.2- Financial liabilities

Initial measurement

Upon initial measurement Except for financial liabilities that are subsequently measured at fair value through profit or loss, the financial liability is measured at the transaction price (including transaction costs), unless the arrangement forms actually financing transaction of the entity (for financial obligation) or a counter party (for financial asset) of the arrangement.

At initial measurement of financial liabilities that are subsequently measured at fair value through profit or loss, transaction costs are recognized in the statement of profit or loss.

The arrangement constitutes a financing transaction if payment is deferred beyond normal business terms.

If the arrangement constitutes a financing transaction, the financial liability shall be measured at the present value of the future payments discounted at the market rate of interest for a similar debt instrument.

Trade payables that have a significant financing component or have a maturity of less than 12 months are measured at their transaction price (invoice).

3. Material accounting policies (continued)

3.15.2 Financial liabilities (continued)

Classification and subsequent measurement

Financial liabilities are measured at the amortized cost using the effective interest method if the above specified conditions have been met. Financial liabilities are subsequently measured at the amortized cost using the effective interest method. The amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Amortization of the effective interest rate is included in the finance income within the statement of profit or loss. IFRS 9 introduces the change in fair value related to changes in the credit risk of liabilities in the other comprehensive income statement while the remaining amount of the change in fair value is presented in the statement of income.

Debt instruments classified as current liabilities are measured at the undiscounted cash amount or other cash consideration expected to be paid unless the arrangement constitutes, in fact, a financing transaction.

Derecognition of financial liabilities

A financial liability is derecognized when and only when the obligations are discharged, canceled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or when the terms of an existing obligation are substantially modified, such replacement or modification is treated as a derecognition of the original financial liability, along with recognizing the new obligation. The difference in respective carrying amounts is recognized in the statement of profit or loss.

3.15.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when the Company currently has a legally enforceable right to set off the recognized amounts; and the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.16 Revenue recognition

The Company recognizes revenue with customers based on a five-step model. Revenue is recognized when the entity satisfies a performance obligation and transfers promised goods or services to a customer. Revenue is generated primarily from sale of goods. The following five steps are applied:

Step 1: Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

Step 2: Identify the performance obligations in the contract: 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 to which the Company expects to be entitled in exchange for the transfer of goods and services to a customer. Transaction price is measured based on the fair value of the received consideration, after taking into account the agreed payment terms, excluding taxes, fees and amounts collected on behalf of third parties. These are recorded net of trade discounts and volume rebates.

3. Material accounting policies (continued)

3.16 Revenue recognition (continued)

Step 4: Allocate the transaction price to the performance obligations in the contract: Where a contract has multiple performance obligations, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue when (or as) the Company satisfies a performance obligation.

Revenue is measured at the fair value of consideration received or receivable, taking into account trade discounts, prompt settlement discounts and volume rebates allowed by the Company (if any).

-Revenue includes only the total inflows of economic benefits received or receivable to which they relate. All amounts collected to the account of a third party such as income taxes and value added taxes are excluded.

-When the inflow of cash or cash equivalents is deferred and the agreement includes in substance a financing transaction, the fair value of the consideration is the present value of all future receipts that is determined using an imputed interest rate.

-The imputed rate of interest is the more clearly determinable of either:

* The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
* A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

- The difference between the present value of all future receipts and the nominal amount of the consideration is recognized as interest income.

3.16.1 Revenues

Revenue are represented as follows:

- Sales are represented in the value of the goods. Net sales is recognized after deducting discount allowed when it is delivered to the customer.
- Project revenue is recognized using the percentage of completion method based on the actual inventory of work performed.
- Rental income resulting from leasing investment property is recognized upon contracting or when providing the service, and the revenue is calculated for the period that relates to the financial period using a straight-line method over the rental period.

3.16.2 Other income

Other income is recognized on an accrual basis.

3.17 Cost of revenue

- Cost of revenue includes production costs and direct industrial expenses, which comprise the cost of raw materials used in production, direct labor, other capitalized costs and operating expenses associated with production.
- Cost of revenue from goods sold comprise the cost of goods sold and direct costs and overheads associated with preparing the goods for sale.
- Cost of revenue includes direct costs and expenses associated with the transaction as well as the cost of materials, supplies, direct labor, other capitalized costs and operating expenses.

3. Material accounting policies (continued)

3.18 Finance cost

Finance cost comprises interest expense and other costs on borrowings and finance facilities. All finance costs are charged to profits or losses as incurred except finance costs related to owning or establishing an asset that may need some time to be ready for the intended use. It is added to the cost of the asset to be ready for the intended use.

3.19 General and administrative expenses

General and administrative expenses are expenses directly linked with management and are not considered direct costs.

3.20 Foreign currency

Transactions in foreign currencies during the year are translated into Saudi Riyals and recorded at the rates of exchange prevailing at the transaction dates. The balances of assets and liabilities recorded in foreign currencies at the balance sheet date are translated into Saudi Riyals at the exchange rates prevailing at that date. Profits and losses arising from transactions are reported in the statement of income.

3.21 Sector reports

The Group's has five business activity sectors.

A geographic segment is a group of assets, operations or entities engaged in business activities from which it may earn revenue in an economic environment subject to risks and returns that are different from those of components operating in other economic environments.

3.22 Changes in significant accounting policies and new standards

3.22.1 New Standards and Amendments to Standards and Interpretations:

There are no new standards that have been applied. However, a number of amendments to the standards are effective as of January 01, 2023, but they do not have a material impact on the company's financial statements. The following is a summary of the amendments applied by the company:

Amendments to IAS 1 "Presentation of Financial Statements" on Classification of Liabilities.

These narrowly defined amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as current or non-current, depending on the rights that exist at the end of the reporting period. The rating is not affected by the entity's expectations or by events after the reporting date (eg, receipt of a waiver or breach of a covenant). The amendment also clarifies what IAS 1 means when it refers to the "settlement" of an obligation.

Amendments to IAS 1, Practice Statement 2 and IAS 8.

The amendments aim to improve accounting policy disclosures and help users of financial statements distinguish between changes in accounting estimates and changes in accounting policies.

Amendments to IAS 12 - Deferred Tax relating to assets and liabilities arising from a single transaction

These amendments require companies to recognize deferred tax on transactions that, on initial recognition, result in equal amounts of deductible and taxable temporary differences.

3. Material accounting policies (continued)

3.22 Changes in significant accounting policies and new standards (continued)

3.22.2 Standards issued not yet applied:
The following is a statement of the new standards and amendments to the applicable standards for the years beginning on or after January 1, 2024 with early application permitted, but the Company did not apply them when preparing these financial statements.

Amendments to IFRS 16 - Lease Obligations in Sale and Leaseback Transactions.
These amendments include requirements for sale and leaseback transactions in IFRS 16 to clarify how a company accounts for sale and leaseback transactions after the date of the transaction. Sale and leaseback transactions in which some or all of the lease payments are considered to be variable lease payments depend on an index or rate that is highly probable.

Amendments to IAS 1 - Non-current liabilities with commitments and classification of liabilities as current or non-current.
These amendments explain how compliance with conditions with which a company must comply in the twelve months after the reporting period affects the classification of liabilities. These amendments are also intended to improve the information provided by the Company in relation to the liabilities subject to these Terms.

Amendments to IAS 7 and IFRS 7 – Supplier financing arrangements.
Amendments to IAS 27 – Non-convertibility.
The following are the new International Financial Reporting Standards for Sustainability Disclosure effective for annual periods beginning on or after January 1, 2024 and subject to the approval of the Saudi Organization for Auditors and Accountants.

IFRS (Sustainability 1) "General requirements for disclosure of financial information related to sustainability"
This standard includes the basic framework for disclosing material information about sustainability-related risks and opportunities across an organization's value chain.

IFRS (Sustainability 2) "Climate-related disclosures"
This is the first objective standard issued that sets requirements for entities to disclose information about climate-related risks and opportunities.

The Company does not expect that the adoption of these new and amended standards and interpretations will have a material impact on its financial statements.

(Saudi Riyals)

4. Property, plant and equipment – net

	Buildings on leased lands *	Plant and equipment *	Motor Vehicles	Furniture and decorations	Electrical devices and air-conditioners	Tools	Office equipment and computers	Projects under construction	Total
Cost:									
Balance at Jan 1, 2023	139,371,467	317,077,247	161,522	868,087	156,393	452,451	424,883	-	458,512,050
Additions during the year	153,261	33,071,793	311,227	3,087	4,870	153,287	44,204	18,078,863	51,820,592
Balance at December 31, 2023	**139,524,728**	**350,149,040**	**472,749**	**871,174**	**161,263**	**605,738**	**469,087**	**18,078,863**	**510,332,642**
Accumulated depreciation:									
Balance at Jan 1, 2023	55,003,576	61,920,470	82,243	591,011	134,488	198,989	308,144	-	118,238,921
Deprecation charged during the year	11,130,442	20,589,882	65,975	60,415	26,762	82,045	64,184	-	32,019,705
Balance at December 31, 2023	**66,134,018**	**82,510,352**	**148,218**	**651,426**	**161,250**	**281,034**	**372,328**	-	**150,258,626**
Net book value:									
As at December 31, 2023	**73,390,710**	**267,638,688**	**324,531**	**219,748**	**13**	**324,704**	**96,759**	**18,078,863**	**360,074,016**
As at December 31, 2022	**84,367,891**	**255,156,777**	**79,279**	**277,076**	**21,905**	**253,462**	**116,739**	-	**340,273,129**

4.1 Deprecation charged during the year is allocated as follows: -

	2023	2022
Charged to cost of sales	**31,976,782**	27,904,787
Charged to general and administrative expenses	**42,923**	86,238
	32,019,705	27,991,025

* These represent buildings on leased lands as per the Saudi Authority for Industrial Cities and Technology Zones (MODON) contract for a period of twenty years starting from 2010, subject to renewal for subsequent additional periods in accordance with the concluded contract. All property, plant and equipment have been mortgaged as part of the securities provided against signed with SIDF agreements (note 16/1).

(Saudi Riyals)

5. Right-of-use assets and lease liabilities

5.1. Right-of-use assets – net	**December 31, 2023**	December 31, 2022
Buildings:		
Cost:		
Balance at beginning of the year	4,195,162	35,627,599
Disposal during the year **	-	(30,985,743)
Additions during the year	513,309	-
adjustments during the year	-	(446,694)
Balance at year-end	4,708,471	4,195,162
Accumulated depreciation:		
Balance at beginning of the year	2,541,390	2,787,060
Deprecation charged during the year **	903,325	1,585,754
Disposal during the year **	-	(1,588,884)
adjustments during the year	-	(242,540)
Balance at end of the year	3,444,715	2,541,390
Net carrying amount at end of the year	1,263,756	1,653,772

- The depreciation of the right to use assets amounted to 903,325 SAR and 1,585,754 SAR for the years ended on December 31, 2023 and 2022, respectively, which were included in the cost of revenue
-
- The depreciation charged during the year is distributed as follows:

	2023	2022
Cost of sales	349,284	126,275
General and administrative expenses	554,041	1,459,479
	903,325	1,585,754

5.2. Lease obligations	**December 31, 2023**	December 31, 2022
Present value of obligation		
Current portion	83,334,508	1,007,455
Non-current portion	95,402,057	878,633

5.3. The movement of Lease obligations	**December 31, 2023**	December 31, 2022
Balance at beginning year	1,886,088	32,865,181
Additions during the year (Note 5/1 , 7)	207,980,382	-
Disposal during the year	-	(31,549,840)
Reclassification during the year	(468,423)	60,366
Payment during the year	(43,095,096)	(814,052)
Accrued interest	12,433,614	1,324,433
Balance at ending year	178,736,565	1,886,088

6. Investment in associates

	Shareholding percentage 2023	**2022**	**December 31, 2023**	December 31, 2022 (Restated)
Investments in German Saudi Industrial Company (a)	9.08%	9.08%	19,877,042	17,485,787
Investments in Al-Ahsa Real Estate Growth Fund (b)	91.62%	61.54%	-	77,374,902
			19,877,042	94,860,689

(a) The German Saudi Industrial Company - is a closed Saudi joint stock company established and operating in the Kingdom of Saudi Arabia. The purpose of the company's activity lies in the manufacture of basic organic chemicals, acetylene, except for fertilizers and nitrogenous compounds, under Commercial Registration No. 2050062639 dated Rajab 25, 1428H, corresponding to August 8, 2007, issued in the city of Dammam. Under license of the Ministry of Energy, Industry and Mineral Resources No. 293 dated Safar 6, 1440H.

(Saudi Riyals)

6. Investment in associates (continued)

(b) Al-Ahsa Real Estate Growth Fund: This item represents an investment in a real estate investment fund - Al-Ahsa Real Estate Growth Fund, whose purpose is to achieve capital growth in the medium term for unit owners. The fund aims to acquire plots of land for the purpose of initial and/or construction development and then sell them with the aim of achieving... Capital gains for unitholders in the fund. 13 million units were offered, with a total of 130 million riyals, at a value of 10 riyals per unit. The company invested in 8 million units for 10 riyals per unit, for a total of 80 million Saudi riyals, and its details are as follows:

- An amount of 30 million Saudi riyals was paid in cash during 2022.
- In-kind financing in the amount of 50 million Saudi riyals has been pledged, to be provided in the form of development work on plots of land owned by the Fund. The mortgage on the in-kind units will be released after commitment to the pledge, and the detailed amount of in-kind financing has been covered as follows:

* Part of the development work was completed on the lands owned by the Fund (Al-Zahraa Project) at an amount of 16.6 million riyals as at the end of 2022 and an amount of 33.4 million riyals as at the end of the period of September 30, 2023.

The development work referred to above is the Al-Zahraa project, for which the National Construction and Marketing Company was appointed as the second contractor through Al-Fayzia Real Estate Development Company (a sister company) as the first contractor.

On Shawwal 21, 1444 AH, corresponding to May 11, 2023 AD, the company increased its share in investment ownership in a real estate investment fund - Nomou Al-Ahsa Real Estate Fund, where an amount of 45 million Saudi riyals was paid to Nomou Financial Company, the fund manager, during the second quarter of 2023, bringing the company's total investment in the fund to as follows:

* Previous ownership percentage: 61.54%, ownership percentage after the increase: 91.62%.
* The value of the previous investment cost: 80 million Saudi riyals, the value of the investment cost after the increase: a value of 124,976,776 Saudi riyals.
* The number of previous units: 8 million units, and the number of units after the increase is 11,911,024 units.

6.1 Movement of investment in associates	**December 31, 2023**	December 31, 2022 (Audited) (Restated)
Balance at beginning of the year	**94,860,689**	15,635,483
Additions during the year	-	80,000,000
Transfers during the year	**(77,374,902)**	(53,750)
The company's share in the profits / (loss) for the year	**2,391,255**	(721,044)
	19,877,042	94,860,689

6.2 Summary of profit and loss and other comprehensive income statement

6.2.1 Summary of profit and loss and other comprehensive income statement the associate company - German Saudi Industrial Company

	December 31, 2023	December 31, 2022
Revenue	**209,273,055**	218,706,548
Gross profit	**68,662,398**	50,395,719
Net profit for the year	**27,990,022**	22,892,645
Total comprehensive income for the year	**27,899,022**	22,649,658
The company's share of profits for the year	**2,391,255**	1,904,054

6.2.2 Summary of profit and loss and other comprehensive income statement - Al-Ahsa Real Estate Growth Fund	December 31, 2022
Revenue	-
Gross profit	-
Net loss for the year	(4,265,677)
Total comprehensive losses for the year	(4,265,677)
The company's share in the loss for the year	(2,625,098)

(Saudi Riyals)

6. Investment in associates (continued)

6.3 Summary of the statement of financial position

6.3.1 Summary of the statement of financial position the associate company - German Saudi Industrial Company

	December 31, 2023	December 31, 2022 (Restated)
Non-current assets	293,313,807	216,762,704
Current assets	177,023,490	155,578,421
Total assets	470,337,297	372,341,125
Liabilities and equity		
Non-current liabilities	2,591,800	3,354,731
Current liabilities	248,835,344	177,975,264
Total equity	218,910,153	191,011,130
Total of liabilities and equity	470,337,297	372,341,125

6.3.2 Summary of the statement of financial position for Fund - Al-Ahsa Real Estate Growth Fund

	December 31, 2022
Total assets	127,272,439
Total liabilities	1,538,116
Net assets (equity)	125,734,323

7. Investments Property, net

Cost	Building	Residential villas (under development)	Right of use asset	Total
Balance at January 1, 2023	19,485,523		-	19,485,523
Empact of the acquisition on the fund	-	138,266,125	-	138,266,125
Additions during the year	-	19,075,642	207,467,073	226,542,715
Disposal during the year	(19,485,523)	-	-	(19,485,523)
Balance at December 31, 2023	-	157,341,767	207,467,073	364,808,840
Depreciation				
Balance at January 1, 2023	75,258	-	-	75,258
Period depreciation	150,517	-	33,290,172	33,440,689
Disposal during the year	(225,775)	-	-	(225,775)
Balance at December 31, 2023	-	-	33,290,172	33,290,172
Net book value				
As on December 31, 2023	-	157,341,767	174,176,901	331,518,668
As on December 31, 2022	19,410,265	-	-	19,410,265

Building:

The building item within real estate investments is a lease contract for an Educational facility "schools" between the company and Tatweer Buildings Company for a period of 35 Hijri years from 8/23/1442 AH corresponding to (4/5/2021 AD) until 8/23/1477 AH corresponding to (3/20/2055 AD).).

- The fair value of real estate investments amounted to 22,351,433 Saudi riyals as of December 31, 2022, according to the evaluation process carried out by the real estate evaluator, Wahat Al Rai Real Estate Valuation Company, license holder No. 1210000045 (an independent evaluator accredited by the Saudi Authority for Accredited Valuers). There is another evaluation whose fair value amounted to 25,100,000 Saudi riyals as of December 31, 2022, according to the evaluation process carried out by the real estate evaluator, Value Experts Company, and his real estate evaluation partner, license holder No. 1210000027 (an independent evaluator accredited by the Saudi Authority for Certified Valuers).

During the first quarter of 2023, a request was submitted to the Building Development Company to transfer the lease contract for an educational facility by the National Construction and Marketing Company to transfer it to the new investor, Adwaa Al-Hidaya Schools Company (sister company). The approval was granted on 3/27/2023 from the Building Development Company.

On Shawwal 14, 1444 AH, corresponding to May 4, 2023, the lease contract for an educational building was waived in favor of the new investor, Adwaa Al-Hidaya Schools Company (a sister company), at a value of 25,100,000 Saudi riyals, which resulted in profits from the disposal of real estate investments worth 5,840,252 Saudi riyals.

(Saudi Riyals)

7. Investments Property, net (Continued)

Residential villas (under development):
The residential villas (under development) within real estate investments is represented by the agreement of the Al-Ahsa Growth Investment Company - to preserve the assets of the Al-Ahsa Growth Fund with Al-Fayzia Real Estate Development Company (the developer) to provide real estate development work services for the project (Note 20/1/2).

- The fair value of the residential villas amounted to 168,145,454 Saudi riyals as of December 31, 2023, according to the evaluation process carried out by the real estate evaluator, Wahat Al Rai Real Estate Valuation Company, license holder No. 1210000045 (an independent evaluator accredited by the Saudi Authority for Accredited Valuers). There is another evaluation whose fair value amounted to 180,800,000 Saudi riyals as of December 31, 2023, according to the evaluation process carried out by the real estate evaluator, Ofoq Real Estate Valuation Company, license holder No. 1210001244 (an independent evaluator accredited by the Saudi Authority for Accredited Valuers).

Right of use asset:
The right of use asset within real estate investments is represented in two lease contracts for a residential and commercial complex "Marvilla Complex" between the company and Majalat Development Real Estate Company for a period of 5 years from 03/13/2023 AD until 03/12/2028 AD for the purpose of earning rental income.

The fair value of the right of use asset was evaluated using the income method - the cash flow method by calculating the present value of the expected net cash flows by taking the total expected income subtracting the expense rate and the rental value. The result of this equation was the present value of the cash flows in the amount of 9,135,428 SAR as of December 31, 2023, and this shows that There is no impairment in the book value of the real estate investment, according to the evaluation process carried out by the real estate evaluator, Wahat Al Rai Real Estate Valuation Company, license number 1210000045. (Independent evaluator accredited by the Saudi Authority for Accredited Evaluators).

The depreciation of Investments Property amounted to 33,440,689 SAR and 75,258 SAR, for the two years ending on December 31, 2023 and 2022, respectively.

- The depreciation of Investments Property has been charged as follows:

	2023	2022
Cost of revenue	**33,290,172**	-
General and administrative expenses	**150,517**	75,258
	33,440,689	75,258

8. Investments at fair value through profit or loss

Investments at fair value through short-term profit or loss are represented in investments in an investment portfolio of the following:

	December 31, 2023	December 31, 2022 (Restated)
Balance at beginning of the year	**3,154,518**	483,336
Additions during the year at cost	**310,632**	2,210,165
Refundable during the year	**(785,000)**	-
Investments profit at fair value through profits or losses	**920,487**	461,017
Balance at ending of the year	**3,600,637**	3,154,518

This item represents an investment in Riyadh Capital portfolio, which is held for the purpose of trading.

(Saudi Riyals)

9. Inventory, net	December 31, 2023	December 31, 2022
Spare parts, fuel and oils	29,987,260	18,231,096
Steel pallets - finished goods	22,770,128	22,384,321
Scrap Iron	14,316,198	12,601,095
Operation tasks	1,443,501	3,254,265
Other construction materials	752,514	1,633,352
Provision for slow moving item (9-1)	(300,000)	(300,000)
	68,969,601	57,804,129

9-1 The movement in the provision for idle inventories for the year ended December 31 is as follows:

	2023	2022
Balance at the beginning of the year	300,000	-
Charged during the year	-	300,000
Balance at the end of the year	300,000	300,000

10. Trade receivables and other debit balances, net	December 31, 2023	December 31, 2022 (Restated)	1 January 2022 (Restated)
Suppliers, advance payments	39,014,161	25,811,568	28,555,570
Customers - (note 10/1)	36,536,572	27,273,018	9,027,475
Accrued revenue	6,103,069	-	-
Value Added Tax (VAT)	5,580,568	40,852,389	25,250,437
Accounts receivable and employee's custody	871,026	1,441,001	3,232,030
Deposits for others	390,239	575,521	1,512,324
Margin against letters of guarantee and letters of credit	69,000	30,081	38,774
Prepaid expenses and other debit balances	948,216	364,542	1,073,487
	89,512,851	96,348,120	68,690,097
Provision for expected credit loss (note 10/2)	(8,183,073)	(5,778,112)	(2,411,253)
	81,329,778	90,570,008	66,278,844

10.1 Aging of trade receivables	December 31, 2023	December 31, 2022	1 January 2022
From day till 180 day	33,013,278	23,745,058	367,115
From 181 till 360 day	1,288,316	640,456	8,660,360
Over 360 day	2,234,978	2,887,504	-
	36,536,572	27,273,018	9,027,475

10.2 Provision for expected credit losses	December 31, 2023	December 31, 2022	1 January 2022
Balance at beginning of the year	5,778,112	2,411,253	2,411,253
Provision during the year	2,404,961	3,366,859	-
	8,183,073	5,778,112	2,411,253

(Saudi Riyals)

11. Transactions with related parties

Related parties represent the main Shareholders, directors of the Board, employees of the Company's Senior Management, and the companies under the control of or significantly affected by these parties (other related parties). During this period, the Group made transactions with the following related parties: (terms of transactions with related parties were approved by the board of directors) An independent report is presented including all transactions that took place during the year to the General Assembly of Shareholders at its annual meeting for approval.

11.1 Due from related parties	Nature of relationship	December 31, 2023	December 31, 2022 (Restated)	1 January 2022 (Restated)
Al-Fayziyah Real Estate Development Company	Affiliate	122,482,805	24,312,181	29,368,022
Ethraa Holding Company	Shareholder	8,140,427	-	24,574
Al-Kharj Union Factory Company	Affiliate	6,849,805	-	5,149,034
Flex Shield Company for Security and Safety	Affiliate	1,147,228	-	1,417,422
Majed Ayed Al-Otaibi	A shareholder in a subsidiary	37,500	37,500	-
Yugamesh International Co., Ltd	A partner in a subsidiary	30,000	30,000	-
The Production Organization - Southern Factory for Building Machinery in the name of A.M. Makarov	A partner in a subsidiary	15,000	15,000	-
Shields Industry Company-Inks Material Branch	A shareholder in a subsidiary	5,147	-	551,098
RAM Tech Company	Subsidiary	-	-	120,160
Alma for Military Industries Company	Subsidiary	-	-	56,150
Jowdat Contracting Company	Affiliate	-	-	21,465,813
Kakaat Food and Catering Company	Affiliate	-	-	1,380,295
Trolley Carriage & Iron Works Co.	Affiliate	-	-	315,060
Adwaa Al-Hedaya Schools Company	Affiliate	-	-	36,730
Manazel Alalamiyah Company for Operation and Maintenance	Shareholder	-	-	464,374
Flex Shield Company for Information Technology	Subsidiary	-	-	101,919
Resin Industry Factory	Affiliate	-	-	4,042,369
Masayef Trading and Contracting Company	A party related to a member of the Board of Directors	-	1,090,668	1,064,388
		138,707,912	25,485,349	65,557,408

11.2 Due to related parties	Nature of relationship	December 31, 2023	December 31, 2022
Al-Fayziyah Real Estate Development Company	Affiliate	29,530,124	-
German Saudi Industrial Company	Associate	23,258,450	23,951,440
Trolley Carriage & Iron Works Co.	Affiliate	125,271	887,647
Al-Ahsa Real Estate Growth Fund	Subsidiary	-	33,392,750
Ethraa Holding Company	Shareholder	-	7,509,696
Melogica Inc	A shareholder in a subsidiary	-	80,325
		52,913,845	65,821,858

(Saudi Riyals)

11. Transactions with related parties (Continued)

11.3. Significant transactions with related parties

	Nature of relationship	2023	2022
Kakaat Food and Catering Company	Paying salaries	-	77,419
	Payment of fees on behalf	-	(6,343)
	Paying VAT on behalf of the company	-	2,435,684
	Transfer of debts between companies**	-	(4,490,491)
	Finance	-	480,000
	Pay suppliers on behalf	-	123,436
Trolley Carriage & Iron Works Co.	Paying VAT on behalf of the company	-	(834,374)
	Payment of suppliers / expenses on behalf	812,063	113,571
	Purchases	222,759	(490,978)
	Sales	-	1,027,041
	Finance	(486,500)	290,477
		214,055	-
	Transfer of debts between companies**	-	(1,303,318)
Shields Industry Company - Inks Material Branch	Paying VAT on behalf of the company	-	562,384
	Payment of fees on behalf	(423,631)	41,616
	Pay suppliers on behalf	(110,916)	(1,909,944)
	Transfer of debts between companies**	-	(1,983,741)
	Finance	(1,260,821)	(947,619)
	Paying salaries	-	(153,699)
	Sales	1,800,515	3,839,904
Flex Shield Company for Security and Safety	Paying VAT on behalf of the company	-	300,284
	Transfer of debts between companies**	-	(2,137,740)
	Finance	-	760,000
	Payment of fees on behalf	-	(113,942)
	Pay suppliers on behalf	-	(213,324)
	Paying salaries	-	(12,700)
Manazel Alalamiyah Company for Operation and Maintenance	Transfer of debts between companies**	-	(926,597)
	Finance	-	176,000
	Paying salaries	-	185,900
	Paying VAT on behalf of the company	-	28,982
	Payment of fees on behalf	-	71,341
Resin factory for industry	Paying VAT on behalf of the company	-	1,606,389
	Finance	-	4,180,517
	Payment of fees on behalf	-	452,267
	Transfer of debts between companies**	-	(15,253,970)
	Pay suppliers on behalf	-	5,427,429
	Purchases	-	(455,000)
Al-Kharj Union Factory Company	Transfer of debts between companies**	-	(13,090,654)
	Payment of fees on behalf	(127,914)	2,914
	Finance	(6,342,605)	(3,142,979)
	Sales	13,355,447	9,885,574
	Paying salaries	-	(74,298)
	Pay suppliers on behalf	(27,723)	6,480
	Purchases	(7,400)	(443,347)
Ethraa Holding Company	Payment of fees on behalf	4,589,062	(3,008,414)
	Pay suppliers on behalf	(19,299,527)	792,985
	Finance	9,191,599	(23,969,707)
	Paying salaries	696,357	2,400
	Paying VAT on behalf of the company	20,479,443	-
	Transfer of debts between companies**	(6,787)	12,828,016

(Saudi Riyals)

11. Transactions with related parties...(continued)

11.3. Significant transactions with related parties...(continued)

	Nature of transaction	2023	2022
Schools Adwaa Al-Hedaya Company	Advance payments under the account of the costs of establishing projects under implementation (Note 7)	(25,100,000)	-
	Paying expenses on behalf of the company	-	17,739
	Transfer of debts between companies**	-	545,531
	Finance	-	(600,000)
Al-Fayziyah Real Estate Development Company	Revenues from Al Jawhara project (Note 19)	70,192,913	144,917,899
	The collection of revenue	(57,016,375)	(163,275,245)
	Revenues from Al Zahraa Project (Note 19/1/3)	29,561,803	15,600,750
	Finance	54,691,000	(4,200,000)
	Paying expenses on behalf of the company	75,714	16,677
	Pay VAT on behalf	(14,562)	-
	Transfer of debts between companies**	-	(3,085,428)
	Pay suppliers on behalf	12,521,394	21,135,755
	Paying salaries	344,095	441,000
	The value of the Al-Zahra project development works prepared for the fund in exchange for investment	(33,392,750)	(16,607,250)
Al-Fayziyah Real Estate Development Company (due to a related party)	The value of the development work of the Al-Zahraa project of the Al-Ahsa Growth Fund	57,517,641	-
RAM Tech Company	Payment of fees on behalf	-	1,825
	Transfer of debts between companies**	-	(121,985)
Jowdat Contracting Company	Finance	-	(8,707,591)
	Paying salaries	-	564,034
	Payment of suppliers / expenses on behalf	-	(8,966,638)
	Transfer of debt between companies**	-	(3,944,355)
	Purchases	-	(59,262)
German Saudi Industrial Company	Finance	20,443,874	(2,650,000)
	Payment of suppliers / expenses on behalf	98,032	2,274,011
	Pay VAT on behalf	(19,947,673)	(16,223,430)
	Sales	98,757	-
Fahad Thanayyan Al-Thanayyan	Transfer of debts between companies **	-	6,161,915
Shields Industry Company - Scaffolding Rental Branch	Transfer of debts between companies**	-	(1,367,186)
	Finance	-	(334,719)
	Paying salaries	-	153,458
	Pay a tax group	-	219,501
	Payment of fees on behalf	-	1,782,154
	Pay suppliers on behalf	-	(453,209)
Arabian Stones Company for Marble and Granite Industry Ltd	Transfer of debts between companies**	-	943,000
	Finance	-	(1,193,915)
	Pay a tax group	-	(51,110)
	Payment of fees on behalf	-	52,025
	Pay suppliers on behalf	-	250,000
Yugamesh International Co., Ltd	Capital	-	30,000

(Saudi Riyals)

11. Transactions with related parties...(continued)

11.3. Significant transactions with related parties...(continued)

	Nature of transaction	2023	2022
The Production Organization - Southern Factory for Building Machinery in the name of A.M. Makarov	Capital	-	15,000
Majed Ayed Al-nafiei	Payment of fees on behalf	-	37,500
Melogica Inc	Paying salaries	-	(16,229)
	Capital reduction	39,217	-
	Finance	41,109	-
Al-Ahsa Real Estate Growth Fund	Investing shares in kind (Note 6-A)	33,392,750	(50,000,000)
	The value of the Al-Zahra project development works prepared for the fund in exchange for investment (Note 6-B)	-	16,607,250
Masayef Trading and Contracting Company*	Acting payments	-	2,482,148
	Acting collectors	-	(2,455,868)
	Pay suppliers	(1,090,668)	-
Flex Shield Company – Marvella	Pay suppliers	1,147,228	-

* Transactions with Masaif Trading and Contracting Company are represented in receipts and payments in favor of Masaif Company, which are made through a bank account in the name of the National Company for Building and Marketing and registered in its books. charges for these services.

** Debt transfer transactions between companies are represented by either settling and closing a balance due between related parties or paying part of the balance owed by a related party.

11.4 Salaries, allowances and remunerations of Senior Executives and Board of Directors

The Company's Senior Management includes the Directors of the Board and Senior Executives who exercise authority and responsibility in planning, directing and controlling the Company's activities, directly or indirectly. As of the year 2018, the Company's Board decided to grant its directors an annual bonus and salaries for Senior Executives.

General and administrative expenses include during the years ending as follows:

	2023	2022
Remunerations and allowances of Board of Directors	273,000	185,000
Salaries and related allowances to Senior Executives	2,598,143	2,393,372

12. Cash and cash equivalent	December 31, 2023	December 31, 2022
Current account in local banks	8,515,250	9,837,867

13. Share capital	December 31, 2023	December 31, 2022
Balance at end of the year	120,000,000	120,000,000

- The capital consists of 120,000,000 Saudi riyals, fully paid, distributed among 12,000,000 shares, each of which has a value of 10 Saudi riyals.
- On 23 Rabi' al-Awwal 1444H, corresponding to October 19, 2022, the company's Board of Directors decided to recommend to the extraordinary general assembly to increase the company's capital by an amount of 150 million Saudi riyals to become 270 million Saudi riyals, by capitalizing 134,209,957 Saudi riyals from the retained earnings account and capitalizing 15,790,043 Saudi riyals from the account. The statutory reserve is to be granted (1.25) shares for every (1) share.

(Saudi Riyals)

13. Share capital (Continued)

- On 29 Jumada al-Awwal 1444H, corresponding to November 19, 2022, the decision referred to above was amended, as the company's Board of Directors decided to recommend to the extraordinary general assembly to increase the company's capital by 120 million Saudi riyals to become 240 million Saudi riyals, by capitalizing 103,486,931 Saudi riyals from the profits account. Remaining and capitalizing 14,378,650 Saudi riyals from the statutory reserve account and capitalizing 2,134,419 Saudi riyals from the profit account for remeasuring employee benefits, provided that (1) share is granted for every (1) share, and until the date of issuance of the consolidated financial statements, the regulatory procedures have not been completed.

- On 19 Rabi' al-Awwal 1445H, corresponding to October 4, 2023, the company's Board of Directors decided to withdraw the request to raise the capital submitted to the Capital Market Authority due to the absence of the reasons for raising the company's capital at the time.

- On 18 Shawwal 1444H, corresponding to May 8, 2023, the company's board of directors decided to recommend to the extraordinary general assembly to split the nominal value of the company's shares to 1 Saudi riyal, so that the number of shares after the split would be 120 million shares instead of 12 million shares.

- On 2 Dhul-Hijjah 1444H, corresponding to June 20, 2023, the company's board of directors decided to amend the above-mentioned decision to recommend to the extraordinary general assembly to split the nominal value of the company's shares into a quarter of a Saudi riyal, so that the number of shares after the split would be 480 million shares instead of 12 million shares.

	December 31, 2023	December 31, 2022 (Restated)	1 January 2022 (Restated)
14. Statutory reserve			
Balance at beginning of the year	**18,005,007**	14,088,978	6,748,744
Provided for the year	**3,388,013**	3,916,029	7,340,234
Balance at end of the year	**21,393,020**	18,005,007	14,088,978

A 10% of the annual net income is set aside for the statutory reserve. The Ordinary General Assembly may discontinue such reserve when it reaches 30% of the share capital. This reserve is not available for distribution

15. Employees' defined benefit obligations

The movement of employees' defined benefit obligations in the statement of financial position was as follows:

	December 31, 2023	December 31, 2022
Balance at beginning of the year	**4,648,938**	2,362,485
Provided during the year (15/3)	**1,567,300**	875,379
(Gains) loss of re-measurement of employees' defined benefits	**(1,636,709)**	1,527,330
Finance costs (15/3)	**238,983**	72,034
paid during the year	**(501,000)**	(188,290)
Balance at end of the year	**4,317,512**	4,648,938

15.1 Assumptions used for calculating the provision	**2023**	2022
Retirement age	**60 years**	60 years
Mortality rate - Saudi Arabia	**74 years**	74 years
Discount rate	**5%**	4 – 4.5%
Annual salary increase rate	**3 – 4%**	3 – 3.25%

(Saudi Riyals)

15. Employees' defined benefit obligations (continued)

15.2 Sensitivity analysis in case one of the main factors changes:	**2023**	2022
Long Term Salary Increases +1%	**5,482,094**	4,993,550
Long Term Salary Increases -1%	**4,646,593**	4,466,560
Discount Rate +1%	**4,647,535**	4,352,420
Discount Rate -1%	**5,454,851**	4,995,180

15.3 The provided during the year is allocated as follows:	**2023**	2022
Charged to revenue cost	**1,168,097**	594,848
Charged to general and administrative expenses	**638,186**	352,565
	1,806,283	947,413

16. loans	**December 31, 2023**	December 31, 2022
16.1 Saudi Industrial Development Fund		
Balance at the beginning of the year	**81,100,000**	55,486,000
Additions during the year	-	32,614,000
Paid during the year	**(42,100,000)**	(7,000,000)
Balance at end of the year	**39,000,000**	81,100,000
16.2 Alawwal Bank		
Balance at the beginning of the year	-	28,083,801
Additions during the year	-	2,892,496
Paid during the year	-	(30,976,297)
Balance at end of the year	-	-
16.3 Al-Rajhi Bank		
Balance at the beginning of the year	**117,567,927**	122,610,260
Additions during the year	**258,108,960**	173,898,870
Paid during the year	**(255,676,894)**	(178,941,203)
Balance at end of the year	**119,999,993**	117,567,927
16.4 Al-Inema Bank		
Paid during the year	**34,843,847**	35,669,890
Additions during the year	**100,974,590**	45,224,235
Paid during the year	**(50,818,577)**	(46,050,278)
Balance at end of the year	**84,999,860**	34,843,847
16.5 Al-Riyadh Bank		
Paid during the year	**25,390,518**	20,464,209
Additions during the year	**160,082,783**	79,583,961
Paid during the year	**(59,763,829)**	(74,657,652)
Balance at end of the year	**125,709,472**	25,390,518
Long term loans - current portion	**369,709,325**	258,902,292
Long term loans - non-current portion	-	-
Total loans	**369,709,325**	258,902,292

16. loans (continued)

16.1 Saudi Industrial Development Fund

Loan agreements were signed between the group and the Saudi Industrial Development Fund to obtain loans in the amount of 91,100,000 Saudi riyals to finance the expansion and establishment of the company's production facilities, of which 91,100,000 Saudi riyals were utilized. The fund's facility pledges require the company to maintain specific financial levels and limit dividend distributions and annual capital expenditures above limits. Certain regulatory requirements require a paid-up capital of 53 million Saudi riyals, along with amending the industrial license to reflect the actual project location, the proposed products and production capacity, and other specific matters.
The loan is secured by the following guarantees as of December 31, 2023:
- Mortgaging all the property, machinery and equipment of the subsidiary - Agij Steel Factory Company for the Manufacture of Steel and its Derivatives.
- Personal guarantees from major shareholders of the parent company.
The total maturity of the loan depends on the repayment schedules agreed upon with the Fund. On 19/03/1443H, corresponding to 25/10/2021, the Saudi Industrial Development Fund agreed to reschedule the balance of the loan granted to the subsidiary company in four unequal semi-annual installments, starting from 15/10/1443H, corresponding to 16/05/2022, and ending on 15/04/1445H corresponding to 30/10/2023 after implementing the conditions contained in the rescheduling approval memorandum. It is the payment of an amount of 3 million Saudi riyals of the value owed by the company. The company paid.
On 07/04/1445H, corresponding to 22/10/2023, the Saudi Industrial Development Fund agreed to reschedule the balance of the loan granted to the group in six unequal semi-annual installments, starting from 04/15/1445H, corresponding to 30/10/2023, and ending on 15/10/1447H corresponding to 03/04/2026. The loan was classified as short-term due to the company's non-compliance with the pledge of the loan agreement regarding one of the financial commitments, which is represented by the ratio of current assets to current liabilities.

16.2 Alawwal Bank facilities

The group entered into an agreement with Alawwal Bank to provide Tawarruq facilities to finance the company's factory and equip its machinery and property. These loans carry financial charges based on prevailing market rates.
The loan facility covenants require the Company to maintain specified financial levels, limit dividends and annual capital expenditures above certain limits and other specified matters. The book values of long-term loans are shown in Saudi Riyals.
The bank facilities - Tawarruq are secured by the following guarantees:
- A duly signed promissory note amounting to 30,205,000 Saudi riyals, payable upon request.
- Solidarity and solidarity guarantee in the amount of 30,205,000 Saudi riyals duly signed by the main shareholders of the parent company.
- Corporate guarantees in the amount of 30,205,000 Saudi riyals signed by Jawdat Contracting Company (a related party).
- Confirmed waiver in favor of Alawwal Bank of the financing proceeds of the Saudi Industrial Development Fund.
During the third quarter of 2022, the company repaid the Alawwal Bank loan through Saudi Industrial Development Fund loan payments.

16.3 Al-Rajhi Bank facilities

The group entered into a banking facilities agreement with Al Rajhi Bank to finance working capital through various facilities with a credit limit of 120 million Saudi riyals, represented by issuing participation credits, financing the importer, deferred payment, facilitating the deferred sales line, and import financing.
The facilities are guaranteed by the following guarantees, undertakings and conditions:
- Submitting an acknowledgment of a fine, instrument and commitment guarantee from the main shareholders of the parent company.

(Saudi Riyals)

16. loans (continued)

16.3 Al-Rajhi Bank facilities (continued)

- Submitting a corporate sponsorship declaration from the German Saudi Industrial Company.
- A pledge from the company to provide the bank with a waiver of a credit from Al Rajhi Steel Company in the bank's account, covering 150% of the total facilities.
- An undertaking from the company to inform the bank of any changes in the ownership of the obligor's issued capital.
- Submitting the company's quarterly and semi-annual financial reports and financial statements during agreed upon periods from the end of each financial period (or in the case of the guarantor of the group's financial statements) for that period, and he must ensure that the obligors do so.
- Financial and regulatory obligations, pledges, and other conditions related to the company's financial system.

16.4 Alinma Bank facilities

The company obtained credit facilities to finance working capital to finance participation credits and then Murabaha in the amount of 85 million Saudi riyals, pursuant to fines and performance guarantees from one of the main shareholders and related party companies for both the German Saudi Industrial Company and the Adwaa Al-Hidayah Schools Company for Boys and Girls, in addition to a real estate mortgage. It belongs to one of the main shareholders and mortgages the company's shares, and guarantees the company's waiver of the entitlements for projects owned by Al-Fayzia Real Estate Development Company (sister company).

16.5 Riyad Bank facilities

- On 06/30/2021, the group signed a short-term bank Murabaha facility agreement with Riyad Bank worth 45 million riyals to finance working capital. Secured by a promissory note signed by one of the major shareholders.
- On 12/04/2022, the group signed a short-term bank Murabaha facility agreement with Riyad Bank worth 50 million riyals to finance working capital. By guaranteeing a promissory note signed by one of the main shareholders and ensuring that the company waives his dues for the Al-Jawhara and Al-Zahraa projects.
- On 02/15/2023, the group signed a short-term bank Murabaha facility agreement with Riyad Bank worth 91 million riyals to finance working capital. By guaranteeing a promissory note signed by one of the main shareholders and ensuring that the company waives his dues for the Al-Jawhara and Al-Zahraa projects.

16.6 Interest rates

The interest rates for the facilities and loans described above range between 1% to 3.5% annually.

17. Trade payables and other credit balances	31 December 2023	31 December 2022
Suppliers	**35,453,956**	34,325,285
Subcontractors	**21,374,199**	3,191,185
Accrued interest expenses	**12,917,292**	2,585,546
Customers - advance payments	**10,371,555**	1,614,661
Insurance recoveries	**5,810,495**	-
Unearned revenue	**5,464,564**	-
Salaries, wages and allowances	**5,136,347**	4,313,742
Employee receivables	-	110,000
Others	**2,147,377**	496,586
	98,675,785	46,637,005

(Saudi Riyals)

18. Provision for zakat

18.1 Movement in provision for zakat	31 December 2023	31 December 2022	1 January 2022 (Restated)
Balance at beginning of the year	**1,506,651**	2,132,384	708,785
Paid during the year	**(925,613)**	(1,047,899)	(970,639)
Clearing during the year	**(973,765)**	(1,121,706)	(2,297,717)
Zakat bonds	**358,825**	-	1,774,643
Provided during the year	**1,932,564**	1,543,872	2,917,312
Balance at end of the year	**1,898,662**	1,506,651	2,132,384

18.2 Zakat status

18.2.1 Parent Company

- The parent company submitted zakat returns to the Zakat, Tax and Customs Authority for all years up to December 31, 2022 and obtained the final certificate for the year ended December 31, 2022. The company is still awaiting final assessments until December 31, 2023
- During the year 2023, a zakat assessment was received for the years 2017 and 2018, which resulted in zakat differences in the amount of 358,825 Saudi riyals, and the amount was paid.

18.2.2 Subsidiary

- Ajeej Steel Manufacturing Factory Company and its derivatives submitted zakat returns to the Zakat, Tax and Customs Authority for all years until December 31, 2022 and obtained the final certificate for the year ending December 31, 2022. The company is still awaiting the final assessments until December 31, 2023.
- Flexible Shield Information Technology Company submitted zakat returns to the Zakat, Tax and Customs Authority for all years until December 31, 2022 and obtained the final certificate for the year ending December 31, 2022. The company is still awaiting the final assessments until December 31, 2023.
- Yuzmash Industry Company submitted zakat returns to the Zakat, Tax and Customs Authority for all years until December 31, 2022 and obtained the final certificate for the year ending December 31, 2022. The company is still awaiting the final assessments until December 31, 2023.
- Alma Military Industries submitted zakat returns to the Zakat, Tax and Customs Authority for all years until December 31, 2022. The company is still awaiting the final assessments until December 31, 2023.

19. Revenues	2023	2022
Steel billets	**496,137,563**	477,290,380
Construction projects (19.1)	**99,754,716**	160,518,649
Construction material	**42,932,214**	12,055,013
Software sales and maintenance	**10,166,349**	2,325,522
lease revenue	**51,620,759**	-
	700,611,601	652,189,564

Revenue includes revenue from related parties whose percentage of total revenue was 16.4% for the year 2023 (2022: 26.9%)

19.1 Construction projects	2023	2022
Al-Jawhara Project - Note 19/1/1	**70,192,913**	144,917,899
Al-Zahraa Project - Note 19/1/2	**29,561,803**	15,600,750
	99,754,716	160,518,649

(Saudi Riyals)

19. Revenues (continued)

19.1 Construction projects (continued)

19/1/1 Al-Jawharah Project

- Based on the tripartite contract concluded on January 16, 2021 between Al Fayzieh Real Estate Development Company (first party - related party), Jawdat Contracting Company (second party - related party) and the National Building and Marketing Company (third party), as the first party is the developer of the Al Jawhara project Residential, which had previously contracted with the Ministry of Housing on land owned by the developer.
- The contract includes the commitment of the first party to disburse the ongoing execution extracts so that the value of the extracts is transferred by 15% to the second party and 85% to the third party in return for the supply, implementation and supervision of the construction of residential villas as of extract No. (18), which represents 65.7% of the total sales of the project subject Contract. On June 15, 2021, an addendum to the contract was made, which stipulates the waiver of the second party 15% for the third party, provided that it performs all the remaining works and obligations in the contract and obtains the full value of the works, after approving the extracts from the legal auditor and the consulting office supervising the construction works appointed by the project developer, from the real estate escrow account of the developer.
- Based on the above-mentioned contract, an agreement was made on January 20, 2021, and a follow-up with the company (the developer's agent) and RS Infratech Saudi Arabia Limited as a subcontractor to implement all the works of the aforementioned contract.

- The following is a summary of the contracts:	**Revenue**	**Cost**
Total contracts *	**644,316,040**	**479,269,832**
Less: Total completed parts of contracts during the year 2021	**(269,893,718)**	**(200,202,922)**
Less: Total completed parts of contracts during the year 2022	**(144,917,899)**	**(108,453,174)**
Less: Total completed parts of contracts during the year 2023	**(70,192,913)**	**(51,842,809)**
Remaining parts of contracts	**159,311,510**	**118,770,927**

* The total revenue is represented in the total value of the contract amounting to 775,000,000 Saudi riyals, from which the previously executed executor is deducted, up to extract No. (17) in the amount of 130,683,960 Saudi riyals, which was executed through Jawdat Contracting Company.

* The total cost of the contract amounting to 479,269,832 Saudi riyals is represented in contracting with the contractor, RS Infratech Saudi Company Limited.

19/1/2 Al-Zahra Project

- It is a contract concluded on 1/7/2022 between Al-Fayzia Real Estate Development Company (related party) (first party) and the National Construction and Marketing Company (second party - executor), as the first party is the main developer of the Al-Zahraa residential project, which had previously contracted. With Nomou Al-Ahsa Investment Company as the custodian of the assets of Nomou Al-Ahsa Real Estate Fund to undertake the real estate development work for the project.
- On 7/1/2022, Al-Fayzia Real Estate Development Company contracted with the National Company to implement the construction of villas and residential apartments in the Al-Zahraa residential project in the amount of 145,700,000 Saudi riyals, as the company's total revenues during the project implementation period.
- On 1/7/2022, the National Construction and Marketing Company contracted with RS Infratech Saudi Company Limited as a subcontractor to implement all the work of the Al-Zahraa project at an amount of 120,320,000 Saudi riyals as a cost to the company during the project implementation period.

- The following is a summary of contract data	**Revenue**	**Cost**
Total contracts	**145,700,000**	**120,320,000**
Deducted: the total number of contracts executed during 2022	**(15,600,750)**	**(12,828,410)**
Deducted: the total number of contracts executed during 2023 – Note 19.1.3	**(50,769,196)**	**(41,980,319)**
The rest of contracts	**79,330,054**	**65,511,271**

(Saudi Riyals)

19. Revenues (continued)

19/1/3 Excluding the revenues and costs of the Al-Zahraa project as a result of consolidating the financial statements of the Al-Ahsa Real Estate Growth Fund (Subsidiary Company):

On May 11, 2023, the company acquired the fund, and as a result of the acquisition, the fund's financial statements were consolidated with the group's financial statements, thus excluding the revenues and costs of this project that were implemented from the date of acquisition until the end of the fiscal year as follows:

	Revenue	Cost
Total number of contracts implemented during 2023	50,769,196	41,980,319
Amounts excluded for the total outlet from the acquisition date to the end of 2023	(21,207,393)	(17,496,099)
Net port	29,561,803	24,484,220

20. Cost of revenue	**2023**	2022
Inventory at beginning of the year	36,155,399	45,309,755
Purchases during the year	474,941,562	438,366,932
Spare parts and raw materials transferred to property and equipment	(22,453,156)	(10,843,657)
Spare parts and raw materials transferred to maintenance expenses	(3,727,457)	(2,735,052)
Inventory at end of the year	(46,881,652)	(36,155,399)
Cost of materials used for production	438,034,696	433,942,579
Operating expenses (20/1)	115,690,567	64,100,005
Subcontractor work	62,751,377	103,514,910
Finished goods cost	616,476,640	601,557,494
Beginning of year inventory - complete production	22,384,321	2,845,354
End of year inventory - complete production	(22,387,949)	(22,384,321)
Cost of revenue	616,473,012	582,018,527

20.1 Operating expenses	**2023**	2022
Depreciations on real estate investments	33,290,172	-
Depreciations on property and equipment	31,976,782	27,904,787
Salaries, wages and related expenses	26,966,378	18,171,885
Generators for rent	8,550,306	6,889,714
Maintenance and spare parts	5,153,965	3,395,230
Transport and Shipping	4,746,349	1,090,452
Government fees and expenses	1,585,174	1,012,293
Generator rental	1,402,600	4,700,910
Post and telephone	383,456	247,958
Depreciation on right-of-use assets	349,284	126,275
Security and guarding expenses	325,427	-
Other expenses	960,674	560,501
	115,690,567	64,100,005

(Saudi Riyals)

21. General and administrative expenses	2023	2022
Salaries, wages and related expenses	10,761,896	9,757,177
Consulting and professional fees	2,284,650	2,306,470
Fund management fees	1,824,530	-
GOSI	719,777	705,551
Electricity and water	629,000	98,167
Employees' defined benefits	623,185	341,809
VAT differences expenses	617,869	-
Government fees and expenses	574,056	425,066
Depreciation on right-of-use assets	554,041	1,459,479
Visas and residence permit	425,268	249,606
Bonuses and allowances of Board of Directors	303,000	197,000
Insurance expenses	255,995	166,772
Depreciation on real estate investment	150,517	75,258
Maintenance expenses	119,412	422,419
Rent	90,566	673,742
Depreciation on property and equipment	42,923	86,238
Stationary and printings	4,982	10,149
Post and telephone	-	20,742
Provision for slow moving item	-	300,000
Other	1,180,637	1,080,612
	21,162,304	18,376,257

22. Finance costs	2023	2022
Finance charges and bank finance costs	30,984,934	8,976,202
Interest expense on right-of-use assets	12,433,614	1,324,433
	43,418,548	10,300,635

23. Other revenue	2023	2022
Gains on disposal of real estate investments	5,840,252	-
Gains on the exclusion of the right to use assets	-	2,152,981
Other	41,109	300,000
	5,881,361	2,452,981

24. Earnings per share

Basic and diluted earnings per share is calculated by dividing the annual profit attributable to the Company's Shareholders by the weighted average number of shares issued as follows:

	2023	2022 (Restated)
Profit for the year attributable to the shareholders of the company	30,614,473	38,742,308
Weighted average number of shares issued	12,000,000	12,000,000
Basic and diluted earnings per share	2.55	3.23

(Saudi Riyals)

25. Segment report

A reporting segment is a group of assets and operations that includes revenue-producing activities, the results of which are continuously analyzed by management in order to make decisions about resource allocation and performance assessment, and financial information is provided separately.

The Group President and the Board of Directors monitor the results of the Group's operations in order to make decisions about resource allocation and performance assessment. These parties are collectively those responsible for making operational decisions for the Group (the decision makers).

Decision makers are currently examining operations mainly in the following sectors:

For the year ended December 31, 2023

	Manufacturing of steel billets	Contracting projects	Commercial	Information technology	Alma and Usemash	Total
Revenue	496,137,563	120,986,529	73,321,160	10,166,349	-	700,611,601
Cost of revenue	(456,218,050)	(76,327,030)	(75,762,024)	(8,165,908)	-	(616,473,012)
Net income	22,755,723	5,247,823	1,311,956	1,309,291	(87,265)	30,537,528
Property, plant and equipment - net	359,809,564	264,452	-	-	-	360,074,016
Finance charges	(13,825,376)	(29,593,172)	-	-	-	(43,418,548)

For the year ended December 31, 2022

	Manufacturing of steel billets	Contracting projects	Commercial	Information technology	Alma and Usemash	Total
Revenue	477,290,380	160,518,649	12,055,013	2,325,522	-	652,189,564
Cost of revenue	(447,661,234)	(122,290,237)	(10,085,352)	(1,981,704)	-	(582,018,527)
Net income	17,578,240	20,280,333	960,000	19,649	(61,854)	38,776,368
Property, plant and equipment - net	339,999,386	-	273,743	-	-	340,273,129
Finance charges	(6,422,633)	(3,878,002)	-	-	-	(10,300,635)

Revenues are summarized by geographic regions below:

For the year ended December 31, 2023

	Manufacturing of steel billets	Contracting projects	Commercial	Information technology	Alma and Usemash	Total
Kingdom Saudi Arabia	485,156,072	120,986,529	73,321,160	10,166,349	-	689,630,110
Kingdom Jordan and Iraq	10,981,491	-	-	-	-	10,981,491

For the year ended December 31, 2022

	Manufacturing of steel billets	Contracting projects	Commercial	Information technology	Alma and Usemash	Total
Kingdom Saudi Arabia	464,774,243	161,393,291	11,180,371	2,325,522	-	639,673,427
Kingdom Jordan and Iraq	12,516,137	-	-	-	-	12,516,137

(Saudi Riyals)

26. Financial instruments

26.1 Share capital management:

The Group's objectives when managing the share capital are to protect its ability to continue as a going concern and generate maximum returns for shareholders and benefits for other stakeholders as well, and to maintain a strong capital structure and reduce cost of the share capital.

The Group may adjust the amount of dividends paid to shareholders or manage its working capital requirements in order to maintain or adjust the share capital. The Group monitors the share capital on the basis of the gearing ratio. The Group aims to maintain a debt percentage of 30%-50%. The ratio is calculated by dividing the net debt by the total share capital.

Net debt is calculated by taking total loans (including current and non-current loans as stated in the financial position) less cash and bank balances (including short-term deposits). Total share capital is calculated on the basis of equity and net debt as shown in the financial position.

The gearing ratio was as follows:

	2023	2022
Total borrowings	369,709,325	258,902,292
Less: Cash and bank balances	(8,515,250)	(9,837,867)
Net debt	361,194,075	249,064,425
Total share capital	668,799,041	512,711,319
Gearing ratio	54%	48,6%

Group has not changed its approach to managing the share capital during the years ended December 31, 2023 and 2022.

Categories of financial instruments:
The accounting policies related to financial instruments were applied to the below items:

	December 31, 2023	December 31, 2022
Investments at fair value through profit and loss		
Quoted equity shares	3,600,637	3,154,518
Total	3,600,637	3,154,518

	December 31, 2023	December 31, 2022
Financial assets at amortized cost		
Trade and other receivables	89,512,851	96,348,120
Amount due from related parties	138,707,912	25,485,349
Cash and cash equivalents	8,515,250	9,837,867
Total	236,736,013	131,671,336

	December 31, 2023	December 31, 2022
Other financial liabilities at amortized cost		
Term loans	369,709,325	258,902,292
Amount due to related parties	52,913,845	65,821,858
Trade and other payables	98,675,785	46,637,005
Total	521,298,955	371,361,155

(Saudi Riyals)

26. Financial instruments (continued)

26.2 Financial instruments and risk management

- The Group's activities are exposed to various financial risks including: Liquidity risk, credit risk, and market risk (include currency risk, fair value risk, cash flow of commission rate and price risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

- Group's financial instruments comprise financial assets (cash and cash equivalents, trade receivables, investments at fair value through profit or loss, and other receivables) and financial liabilities (banks-credit facilities, trade and other payables) and include the following risks:

26.3 Liquidity risks

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. The Group manages and monitors liquidity risks on a regular basis to ensure that sufficient funds are available through bank facilities to meet any future commitments.

The Group's terms of sales stipulate that payment are made in cash upon delivery of the goods or on a credit sale basis according to credit terms whose payment term usually ranges between 30 to 180 days.

All current liabilities are expected to be settled within 12 months as of the date of the financial statements. Trade payables are usually settled within 30-90 days as of the purchase date.

26.4 Credit Risk Management

Credit risk is the risk that other parties will not be able to meet their contractual obligations to the Group, which may result in a financial loss to the Group. The concentrations of potential credit risk include mainly trade receivables and short-term cash investments. Short term cash investments are deposited with banks having a high credit rating. The Group's Management believes that there are no concentrations of credit risk for which no adequate provision has been made as at Group reporting date.

	December 31, 2023		
	On demand or less than a year	**More than year**	**Carrying amount**
Long term loans	369,709,325	-	369,709,325
Trade payables and other credit balances	188,226,467	95,402,057	283,628,524
Due to related parties	52,913,845	-	52,913,845
	610,849,637	95,402,057	706,251,694

	December 31, 2022		
	On demand or less than a year	More than year	Carrying amount
Long term loans	258,902,292	-	258,902,292
Trade payables and other credit balances	53,800,049	878,633	54,678,682
Due to related parties	65,821,858	-	65,821,858
	378,524,199	878,633	379,402,832

26. Financial instruments (continued)

26.4 Credit Risk Management (continued)

- Market risk

- Market risk is the risk of fluctuations in a financial instrument due to changes in prevailing market prices such as foreign exchange rates, interest rates, and equity rates, which affect the Group's income or the value of its financial instruments. Market risk management aims to manage and control market risk exposure within acceptable parameters while maximizing returns.

- Currency risk

- Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates affecting foreign currency payments and receipts along with assessment of assets and liabilities in foreign currencies.
- The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Management regularly monitors changes in foreign exchange rates and manages the impact on the financial statements.

Fair value risk

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. Since the Group's financial statements are prepared under the historical cost principle, differences may arise between the carrying amount and the fair value estimates. The Group's Management believes that the fair value of the Group's financial assets and liabilities approximates their balances carried forward.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring fair value, the Group uses observable market information whenever possible. Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

-If multiple inputs used to measure fair value are categorized into different levels of the fair value hierarchy, the Fair Value Measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

-The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurred. During the period there were no transfers between the fair value levels of Level 1 and Level 2.

-As the Group's financial instruments are compiled according to the historical cost principle, with the exception of investments and derivative financial instruments that are carried at fair value, differences may arise between the book value and fair value estimates. Management believes that the fair values of the group's financial assets and liabilities do not differ materially from their book value.

(Saudi Riyals)

26. Financial instruments...(continued)

The financial assets measured at fair value

	Level 1	Level 2	Level 3	Total
The balance as at December 31, 2023				
Investments at fair value through profit or loss	**3,600,637**	-	-	**3,600,637**
The balance as at December 31, 2022				
Investments at fair value through profit or loss	3,154,518	-	-	3,154,518

The company did not disclose the fair values of financial instruments such as cash and cash equivalents, trade receivables, trade payables, amounts payable and other current liabilities; Because their book values are considered a logical approximation to the fair value, which is largely due to the short-term maturity dates of these instruments.

- **Interest rate risk (currencies)**

Commission rate risk represents the risk that the value of financial instruments will fluctuate due to changes in commission rates prevailing in the market. The Company is subject to commission rate risk on credit facilities and long-term interest-bearing loans.

The table below reflects the impact of commission rate risk on income as a result of reasonable possible changes in commission rates, as well as all other changes that remain constant. Commission rate risk has no impact on equity.

The impact on income represents the impact of the assumed changes in commission rates on the company's profits for one year, based on financial liabilities with a floating rate as of December 31:

	The effect on the income for the year	
Increase (decrease) in basis points	**2023**	**2022**
+1	**3,657,829**	**2,589,023**
-1	**(3,657,829)**	**(2,589,023)**

- Commodity price risk

Commodity price risk is the risk associated with changes to the prices of certain commodities to which the Group is exposed as a result of adverse impact on the Group's costs and cash flows. The commodity price risks arise from the expected purchases of certain commodities made of raw materials used by the Group.

27. Reclassification

The management has reclassified some balances according to the following details:

- A supplier balance amounting to 536,803 Saudi riyals was reclassified as part of the refundable insurance balance owed to the same supplier.

Therefore, the group's management reclassified these balances, and the following is a summary of these amendments:

As at December 31, 2022	**Impact of reclassification**		
Statement of financial position	**previously recorded amounts**	**Reclassification effect**	**Balance after Adjustment**
Current assets			
Trade receivables and other debit balances, net	97,639,036	(536,803)	97,102,233
Trade payables and other credit balances	47,173,808	(536.803)	46,637,005

(Saudi Riyals)

28- Adjustment

Management has re-evaluated the accounting treatment of certain transactions and balances recorded in the non-consolidated special purpose financial statements in previous years to determine whether these transactions and balances have been accurately accounted for under the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia. When necessary, adjustments to comparative figures have been made in accordance with International Accounting Standard No. 8 "Accounting Policies, Changes in Accounting Estimates and Errors" approved in the Kingdom of Saudi Arabia. As a result, management has adjusted some comparative figures to correct errors as shown below:

- During the year ending December 31, 2023, the accounting treatment for investment at fair value through profit or loss in the Al-Ahsa Real Estate Growth Fund "the Fund" was modified to become the equity method due to the presence of the important effect that the company did not take into account at the time by representing the company by 40%. % of the fund's board members and owning a percentage higher than 50% of the fund's units.
- The value-added tax balance and the zakat allocation balance consisting of previous years were settled because that balance was not settled with companies within the VAT group (As the company submits a unified VAT return with related party companies) in those years and a clearing was made in the company's accounting records with the dues of the Zakat, Tax and Customs Authority.
- According to the Companies Law in the Kingdom of Saudi Arabia, the company must transfer 10% of its net income to the statutory reserve until this reserve equals 30% of its capital. As a result of the impact of the above amendments, management has reassessed the amount carried forward to the statutory reserve as at December 31, 2021 and January 1, 2022.

-The impact of the above on the consolidated financial statements is as follows:

Consolidated statement of financial position as of January 1, 2022

	Balance before adjustment as of January 1, 2022	Reclassification effect	Balance after adjustment as of January 1, 2022
Current assets			
Due from related parties	62,444,606	3,112,802	65,557,408
Trade receivables and other debit balances, net	71,689,363	(5,410,519)	66,278,844
Current liabilities			
Estimated zakat provision	2,813,108	(680,724)	2,132,384
Shareholders' equity			
Retained earnings	91,622,627	(1,455,294)	90,167,333
Regular reserve	14,250,677	(161,699)	14,088,978

Consolidated statement of financial position as of December 31, 2022

	Balance before adjustment as of December 31, 2022	Reclassification effect	Balance after adjustment as of December 31, 2022
Non-current assets			
Investment at fair value through profit or loss	88,626,017	(85,471,499)	3,154,518
Investments in associates	17,485,787	77,374,902	94,860,689
Current assets			
Due from related parties	22,372,547	3,112,802	25,485,349
Trade receivables and other debit balances, net	97,102,233	(6,532,225)	90,570,008
Shareholders' equity			
Retained earnings	133,721,238	(8,742,231)	124,979,007
Statutory reserve	18,976,366	(971,359)	18,005,007
Current liabilities			
Provision for zakat	3,309,081	(1,802,430)	1,506,651

(Saudi Riyals)

28- Adjustment (Continued)

The consolidated statement of profit or loss and other comprehensive income for the year ending December 31, 2022

	Balance before adjustment as of December 31, 2022	Reclassification effect	Balance after adjustment as of December 31, 2022
Investment at fair value through profit or loss	5,932,516	(5,471,499)	461,017
The Company's share the profits / (losses) of its associate	1,904,054	(2,625,098)	(721,044)
Basic and diluted earnings per share	3.91	(0.68)	3.23

29. Contingent commitments and liabilities

	2023	2022
Unexecuted contractual commitments (Note 19/1)	**184,282,198**	278,105,326
Letters of credit	**5,761,403**	3,201,639

30. Subsequent events

-On 19/06/1445H (corresponding to 01/01/2024), the owner of the subsidiary company - Ajej Steel and Derivatives Industries Company - a one-person "limited liability" company decided to convert it into an unlisted closed joint stock company with its rights and obligations, and the legal procedures were completed.

- On February 28, 2024, the group signed a short-term bank Murabaha facility agreement with Riyad Bank worth 195 million riyals to finance working capital. By guaranteeing a promissory note signed by one of the main shareholders and ensuring that the company waives his dues for the Al-Jawhara and Al-Zahraa projects (Note 16).

- On 6 March 2024, the group entered into a banking facilities agreement with Al Rajhi Bank to finance working capital through various facilities with a credit limit of 127 million Saudi riyals, consisting of issuing participation credits, importer financing, deferred payment, deferred sales line facilitation, import financing, and a payment period of 48 months, and a limit of 7 million Saudi riyals has been added for the purpose of hedging the risks of fluctuations in floating profit rates and stabilizing the profit rate (Note 16).

Other than what was stated above, management believes that there are no significant subsequent events from the end of the year until the reporting date that may affect the group's consolidated financial statements.

31. Approval of consolidated financial statements

These consolidated financial statements were approved by the Board of Directors on 14 Ramadan 1445H (24 March 2024).