

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AND REVIEW
REPORT FOR THE THREE AND SIX MONTH
PERIODS ENDED 30 JUNE 2024
(UNAUDITED)**

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Financial Statements
For the three and six month periods ended 30 June 2024

INDEX	PAGE
Report on review of interim condensed consolidated financial statements	1
Interim condensed consolidated statement of financial position	2
Interim condensed consolidated statement of comprehensive income	3
Interim condensed consolidated statement of changes in equity	4
Interim condensed consolidated statement of cash flows	5 - 6
Notes to the interim condensed consolidated financial statements	7 – 26



Report on review of interim condensed consolidated financial statements

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Gas and Industrialization Company (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 June 2024 and the related interim condensed consolidated statement of comprehensive income for the three and six month periods then ended and the related interim condensed consolidated changes in equity and cash flows for the six month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 - “Interim Financial Reporting” (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers

Ali A. Alotaibi
License Number 379

13 August 2024



National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of financial position
As of 30 June 2024

	Note	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	923,434,574	835,228,050
Intangible assets		46,905,543	38,555,141
Investment properties		33,442,174	33,442,174
Right-of-use assets	5.1	15,263,170	17,853,616
Investments in associates	6	87,932,730	89,407,944
Financial assets held at fair value through other comprehensive income (FVTOCI)	7	722,693,965	685,726,828
Financial assets held at amortised cost		140,095,175	240,872,536
Prepayments and other assets – non-current portion	10	31,919,482	30,563,104
TOTAL NON-CURRENT ASSETS		2,001,686,813	1,971,649,393
CURRENT ASSETS			
Financial assets held at fair value through profit or loss (FVTPL)	8	122,764,779	122,009,649
Financial assets held at amortised cost		100,435,407	10,025,978
Inventories		218,905,129	207,128,380
Accounts receivable	9.1	39,794,537	34,793,053
Contract assets	9.2	17,798,749	-
Prepayments and other current assets	10	81,406,518	51,975,175
Cash and cash equivalents	11	74,373,737	129,638,298
TOTAL CURRENT ASSETS		655,478,856	555,570,533
TOTAL ASSETS		2,657,165,669	2,527,219,926
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1	750,000,000	750,000,000
Statutory reserve		225,000,000	225,000,000
Retained earnings		436,138,671	372,469,073
Share of other comprehensive loss of associates	6	(349,843)	(480,868)
Unrealised gains from financial assets held at fair value through other comprehensive income (FVTOCI)		535,672,241	498,705,104
TOTAL EQUITY		1,946,461,069	1,845,693,309
LIABILITIES			
NON-CURRENT LIABILITIES			
Term loan – non-current portion	12	-	25,053,334
Lease liabilities – non-current portion	5.2	11,081,800	12,316,052
Employees' defined benefits liabilities	13	108,773,344	116,044,000
TOTAL NON-CURRENT LIABILITIES		119,855,144	153,413,386
CURRENT LIABILITIES			
Trade payable		263,200,465	203,202,101
Lease liabilities – current portion	5.2	6,475,766	7,281,846
Accrued expenses and other liabilities	14	236,853,547	243,851,178
Term loan – current portion	12	52,397,384	26,500,000
Zakat payable	15	31,922,294	47,278,106
TOTAL CURRENT LIABILITIES		590,849,456	528,113,231
TOTAL LIABILITIES		710,704,600	681,526,617
TOTAL EQUITY AND LIABILITIES		2,657,165,669	2,527,219,926

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

Mr. Majed Ahmed Qwaider
Chief Financial Officer

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

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of comprehensive income
For the three and six month periods ended 30 June 2024

	Note	For the three month period ended 30 June		For the six month period ended 30 June	
		2024	2023	2024	2023
		(Unaudited) SR	(Unaudited) SR	(Unaudited) SR	(Unaudited) SR
Revenues	16	642,882,485	567,443,483	1,349,714,741	1,182,371,117
Cost of revenues		(565,319,211)	(494,761,988)	(1,172,665,917)	(1,019,368,951)
Gross profit		77,563,274	72,681,495	177,048,824	163,002,166
Selling and distribution expenses		(16,629,842)	(17,389,201)	(36,078,940)	(34,477,003)
General and administrative expenses		(30,647,174)	(27,793,670)	(58,335,115)	(50,405,839)
(Provision for)/reversal of expected credit losses		(450,170)	-	941,243	(205,964)
Operating income		29,836,088	27,498,624	83,576,012	77,913,360
Investments income	17	9,248,945	25,689,631	32,766,513	48,092,273
Finance income		2,868,232	3,711,012	6,426,595	6,396,001
Finance costs		(669,196)	(841,390)	(1,682,740)	(1,951,778)
Share of results of associates	6	1,413,464	1,612,867	996,753	3,556,471
Other income, net	18	7,823,223	449,021	8,853,060	693,078
Income before zakat		50,520,756	58,119,765	130,936,193	134,699,405
Zakat for the period	15	7,476,199	(3,600,000)	5,666,548	(7,200,000)
Net income for the period		57,996,955	54,519,765	136,602,741	127,499,405
Other comprehensive income/(loss)					
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:</i>					
Re-measurement gain/(loss) on employees' defined benefits liabilities	13	1,645,464	(1,069,920)	9,566,857	(5,893,920)
Share of other comprehensive income/(loss) of associates	6	78,660	130,912	131,025	(52,365)
Change in fair value of investments in equity instruments through other comprehensive income/(loss)		31,507,688	(34,462,286)	36,967,137	34,508,314
Other comprehensive income/ (loss) for the period		33,231,812	(35,401,294)	46,665,019	28,562,029
Total comprehensive income for the period		91,228,767	19,118,471	183,267,760	156,061,434
Weighted average number of outstanding shares		75,000,000	75,000,000	75,000,000	75,000,000
Basic and diluted earnings per share	19	0.77	0.73	1.82	1.70

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

Mr. Majed Ahmed Qwaider
Chief Financial Officer

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

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of changes in equity
For the six month period ended 30 June 2024

	Share capital SR	Statutory reserve SR	Retained earnings SR	Share of other comprehensive loss from associates SR	Unrealised gains from financial assets held at fair value through other comprehensive income (FVTOCI) SR	Total equity SR
Balance as of 1 January 2024 (Audited)	750,000,000	225,000,000	372,469,073	(480,868)	498,705,104	1,845,693,309
Net income for the period	-	-	136,602,741	-	-	136,602,741
Other comprehensive income	-	-	9,566,857	131,025	36,967,137	46,665,019
Total comprehensive income for the period	-	-	146,169,598	131,025	36,967,137	183,267,760
Declared dividends (note 20)	-	-	(82,500,000)	-	-	(82,500,000)
Balance as of 30 June 2024 (Unaudited)	750,000,000	225,000,000	436,138,671	(349,843)	535,672,241	1,946,461,069
Balance as of 1 January 2023 (Audited)	750,000,000	225,000,000	295,832,196	-	464,131,324	1,734,963,520
Net income for the period	-	-	127,499,405	-	-	127,499,405
Other comprehensive (loss)/income	-	-	(5,893,920)	(52,365)	34,508,314	28,562,029
Total comprehensive income/(loss) for the period	-	-	121,605,485	(52,365)	34,508,314	156,061,434
Realised loss transferred to retained earnings	-	-	(738,860)	-	738,860	-
Declared dividends (note 20)	-	-	(75,000,000)	-	-	(75,000,000)
Balance as of 30 June 2023 (Unaudited)	750,000,000	225,000,000	341,698,821	(52,365)	499,378,498	1,816,024,954

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

Mr. Majed Ahmed Qwaider
Chief Financial Officer

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

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of cash flows
For the six month period ended 30 June 2024

	Notes	30 June 2024 (Unaudited) SR	30 June 2023 (Unaudited) SR
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before zakat		130,936,193	134,699,405
<i>Adjustments to reconcile profit before zakat to net cash flows:</i>			
Depreciation of property, plant and equipment	22	49,238,950	46,272,111
Amortization of intangible assets	22	4,371,682	6,026,595
Depreciation of right-of-use assets	5.1, 22	2,590,446	2,310,879
Finance costs of lease liabilities	5.2	316,887	288,785
Share of results of associates	6	(996,753)	(3,607,317)
Gain on disposal of property, plant and equipment	18	(307,558)	(149,919)
Gain from replacement of property, plant and equipment	18	(4,752,000)	-
Loss on disposal of investment held at FVOCI		-	83,467
(Reversal of)/provision for expected credit losses	22	(941,243)	205,964
Provision for employees' defined benefits liabilities	13	8,186,682	7,064,437
Amortization of prepaid upfront fees on term loan		844,050	908,376
Follow up fees of term loan		521,803	754,617
Provision for slow moving inventories		1,488,747	1,145,586
Provision for replacing cylinders and others		928,852	1,243,290
Change in fair value of investments at FVTPL	17	(2,374,460)	(18,146,764)
Dividends income from investments at FVTOCI	17	(23,916,798)	(23,724,576)
Finance income		(6,671,495)	(6,396,001)
		159,463,985	148,978,935
Changes in working capital:			
Inventories		(14,194,348)	(22,030,386)
Contract assets		(17,798,749)	-
Accounts receivable		(4,060,241)	(3,867,640)
Prepayments and other current assets		(30,787,721)	(37,425,383)
Financial assets at FVTPL		1,619,330	32,859,565
Trade payable		(10,065,490)	(50,431,340)
Accrued expenses and other current liabilities		(14,643,716)	11,987,647
		69,533,050	80,071,398
Employees' defined benefits liabilities paid	13	(5,949,424)	(2,527,920)
Zakat paid	15	(9,689,264)	(10,212,739)
Net cash generated from operating activities		53,894,362	67,330,739
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds/(purchase) of financial assets held at amortized cost		10,367,932	(89,521,128)
Finance income received		6,671,495	6,396,001
Additions to property, plant and equipment		(64,606,882)	(38,455,697)
Additions to intangible assets		(10,630,448)	(7,256,705)
Proceeds from disposal of property, plant and equipment		252,127	425,574
Disposals of investments at FVTOCI		-	3,020,343
Dividends received from investments at FVTOCI		23,916,798	23,724,576
Dividends received from associates		2,602,992	4,200,000
Net cash used in investing activities		(31,425,986)	(97,467,036)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(74,853,915)	-
Principal element of lease payments		(2,353,066)	(259,700)
Finance costs element of lease payments		(4,153)	(32,098)
Follow up fees on term loan paid		(521,803)	(754,617)
Net cash used in financing activities		(77,732,937)	(1,046,415)

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of cash flows (continued)
For the six month period ended 30 June 2024

	30 June 2024 (Unaudited) SR	30 June 2023 (Unaudited) SR
Net change in cash and cash equivalents	(55,264,561)	(31,182,712)
Cash and cash equivalents at the beginning of the period	129,638,298	175,851,736
Cash and cash equivalents at the end of the period	74,373,737	144,669,024
NON-CASH TRANSACTIONS:		
Additions to property, plant and equipment against trade payables	70,063,854	-
Current service cost charge to capital work in progress	58,943	73,587
Share of other comprehensive income/(loss) of associates	131,025	(52,365)
Change in fair value of investments in equity instruments through other comprehensive income	36,967,137	34,508,314
Lease liabilities transferred to trade payable	-	(147,000)

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

Mr. Majed Ahmed Qwaidar
Chief Financial Officer

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

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six month period ended 30 June 2024

1 CORPORATE INFORMATION

A) ESTABLISHMENT OF THE COMPANY

National Gas and Industrialization Company (the “Company”) is a Saudi joint stock company. The Company is registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010002664 dated 22 Rajab 1383H (corresponding to 9 December 1963). The share capital of the Company amounts to SR 750 million and is divided into 75 million shares of SR 10 each. As of 30 June 2024, the Public Investment Fund owns nil (31 December 2023: nil and 30 June 2023: 10.91%), Mr. Abdulaziz Abdulrahman Al-Mohsen owns 6.67% (31 December 2023 and 30 June 2023: 6.67%) of the total Company’s shares, and the remaining shares are publicly traded.

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

B) GROUP ACTIVITIES

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

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

The Company has the following branches existed as at 30 June 2024 and 31 December 2023:

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

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

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six month period ended 30 June 2024

1 CORPORATE INFORMATION (continued)

B) GROUP's ACTIVITIES (continued)

The Group has the following subsidiaries:

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

As of the approval date of these interim condensed consolidated financial statements, Best Gas Distributor Company has started its operations effective from 1st August 2024 while National Storage Company has not started its operations yet.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed consolidated financial statements for the three and six month periods ended 30 June 2024 were prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants.

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

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and they must be read in conjunction with the Group's last annual audited financial statements for the year ended 31 December 2023. In addition, the results for the three and six month periods ended 30 June 2024, are not an accurate indication of the results that can be expected for the fiscal year ending 31 December 2024.

2.2 Judgments, estimates and assumptions

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

2.3 Historical cost convention

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

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six month period ended 30 June 2024

2 BASIS OF PREPARATION (continued)

2.4 Basis of consolidation

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

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

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

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

3 MATERIAL ACCOUNTING POLICIES

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

Intangible assets

Assets arising from service concession arrangements (IFRIC 12)

The Group's operations in relation to the build, operate, and transfer (BOT) projects are carried out under long-term concession arrangements. The Group recognizes concession rights in BOT projects resulting from the concession service arrangement, which is under the control of the grantor or regulates the services provided and fixed prices as well as controls any significant remaining interest in infrastructure such as property and equipment in the case of the grantor's infrastructure or created or purchased by the Group as part of a concession service arrangement. The Group recognizes an intangible asset arising from a service concession arrangement when it has a right to benefit from the concession infrastructure usage fees. Intangible assets received as consideration for the provision of construction or development services in a service concession arrangement are measured at fair value on initial recognition by reference to the fair value of the services. The BOT concession rights include all costs incurred in connection with the constructed plot. The BOT concession rights also include certain property, plant and equipment that are classified as intangible assets in accordance with the interpretation of IFRIC 12 “Service Concession Arrangements”. The intangible aspect in service concession arrangements is the period during which the Group is able to charge the public for the use of gas infrastructure until the end of the concession term which varies depending on the life of the agreement or the useful life of the asset – whichever is shorter. Gains or losses arising from de-recognition of service concession assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the interim condensed consolidated statement of comprehensive income when the asset is derecognised.

Contract assets

A contract asset is initially recognised for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets is reclassified to accounts receivable.

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six month period ended 30 June 2024

3 MATERIAL ACCOUNTING POLICIES (continued)

3.1 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

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

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

The amendments listed above did not have any significant impact on the interim condensed consolidated financial statements for the period ended 30 June 2024.

3.2 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED BY THE GROUP

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

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

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

4 PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment includes the following:

- a) Two plots of land with an aggregate value of SR 2.7 million as of 30 June 2024 (31 December 2023: SR 2.7 million) that have been pledged to the Saudi Industrial Development Fund (SIDF) and the process of pledging the remaining five plots of land is under process (note 12).
- b) Capital working in progress amounted to SR 362 million as of 30 June 2024 (31 December 2023: SR 323 million) mainly representing projects to develop the Group's stations and production lines in accordance with the Group's needs and public safety requirements.

The Group has disposed of property, plant and equipment during the period ended 30 June 2024 with a cost of SR 23 million and accumulated depreciation of SR 21 million. As a result, a gain of SR 308 thousand has been included within other income (note 18).

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six month period ended 30 June 2024

5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Group as a lessee

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

5.1 Right-of-use assets

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

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

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	17,853,616	19,723,178
Additions during the period / year	-	3,361,582
Depreciation charge for the period / year	(2,590,446)	(5,231,144)
At the end of the period / year	<u>15,263,170</u>	<u>17,853,616</u>

5.2 Lease liabilities

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

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	19,597,898	20,207,725
Additions during the period / year	-	3,361,582
Paid during the period / year	(2,357,219)	(4,761,099)
Finance costs for the period / year	316,887	789,690
At the end of the period / year	<u>17,557,566</u>	<u>19,597,898</u>
Current portion	<u>(6,475,766)</u>	<u>(7,281,846)</u>
Non-current portion	<u>11,081,800</u>	<u>12,316,052</u>

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six month period ended 30 June 2024

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

The following are the amounts recognized in profit or loss:

	For the three month		For the six month	
	period ended 30 June		period ended 30 June	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	SR	SR	SR	SR
Depreciation expense of right-of-use assets	1,295,223	1,155,439	2,590,446	2,310,879
Finance costs on lease liabilities	152,676	140,135	316,887	288,785
Expense relating to short-term and low-value assets	108,855	267,644	392,807	374,702
Total amount recognized in profit or loss	1,556,754	1,563,218	3,300,140	2,974,366

The Group has lease contracts that include extension options. This option is negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

Group as a lessor

The Group has entered into leases contracts on plots of land, which are long term in nature. Rental income recognized by the Group during the period amounting to SR 6.2 million (30 June 2023: SR 6.2 million).

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six month period ended 30 June 2024

6 INVESTMENTS IN ASSOCIATES

Investments in associates comprise the following:

	Ownership percentage		30 June 2024	31 December 2023
	2024	2023	(Unaudited) SR	(Audited) SR
Saudi Gas Cylinder Factory Company	33.12%	37.57%	35,336,620	37,768,954
Natural Gas Distribution Company	35%	35%	19,978,102	20,339,988
East Gas Company	35%	35%	32,618,008	31,299,002
			87,932,730	89,407,944
			30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year			89,407,944	89,759,775
Amount recognized in profit or loss				
Share of results of associates			1,020,519	7,953,188
Prior year adjustment			(23,766)	50,849
			996,753	8,004,037
Amount recognized in other comprehensive income				
Share of other comprehensive income/(loss) of associates			131,025	(480,868)
Dividends received			(2,602,992)	(7,875,000)
At the end of the period / year			87,932,730	89,407,944

Share of results of associates comprises the following:

	For the three month period ended 30 June		For the six month period ended 30 June	
	2024 (Unaudited) SR	2023 (Unaudited) SR	2024 (Unaudited) SR	2023 (Unaudited) SR
Saudi Gas Cylinders Factory Company	1,452,695	889,316	(835,367)	1,266,283
Natural Gas Distribution Company	150,215	239,379	513,114	623,434
East Gas Company	(189,446)	484,172	1,319,006	1,666,754
	1,413,464	1,612,867	996,753	3,556,471

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

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six month period ended 30 June 2024

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

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

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Investment in equity instruments – unquoted (notes a, b, and c)	669,019,817	626,707,246
Closed REITs	38,701,500	41,310,000
Investments in equity instruments – quoted	14,972,648	17,709,582
	<u>722,693,965</u>	<u>685,726,828</u>

- a) The above unquoted investments in equity instruments have been evaluated by management through an independent expert valuer, who issued a report on the valuation of investments in the National Industrial Gases Company and Arabian United Floating Glass Company as of 30 June 2024, using the similar companies' method (Market Method) and the discounted cash flow method (Income Method), respectively.
- b) During the six month period ended 30 June 2024, the General Assembly of National Industrial Gases Company, approved distribution of dividends to the shareholders amounting to SR 260 million (30 June 2023: SR 260 million). The Group's share is 9%, equivalent to SR 23.4 million (30 June 2023: SR 23.4 million).
- c) The significant unobservable inputs used in the fair value measurement of equity instruments categorized within Level 3 of the fair value hierarchy as of 30 June 2024 and 31 December 2023 are as follows:

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

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six month period ended 30 June 2024

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

Sensitivity analysis

Description	Fair value at		Unobservable inputs	Range of inputs		Sensitivity
	30 June 2024 (Unaudited)	31 December 2023 (Audited)		30 June 2024 (Unaudited)	31 December 2023 (Audited)	
National Industrial Gases Company	585,486,046	547,624,176	EV/EBITDA	10.25x	10.4x	Change by +/-1X will change FV increase/decrease by SR 6.6 million (31 December 2023: increase/decrease by SR 6.1 million).
			Discount factor	10%	10%	Change by +/-1% will change FV decrease/increase by SR 7.6 million (31 December 2023: decrease/increase by SR 7 million).
Arabian United Floating Glass Company	83,533,771	79,083,070	WACC	12.64%	13%	Change by +/-1% will change FV by decrease SR 8.1 million/increase by SR 9.8 million (31 December 2023: decrease by SR 7.5 million / increase by SR 9 million).
			Growth rate	2%	2%	Change by +/-1% will change FV by increase SR 7.7 million / decrease SR 6.4 million (31 December 2023: increase by SR 6.9 million / decrease by SR 5.8 million).
	669,019,817	626,707,246				

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

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six month period ended 30 June 2024

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

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

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Portfolio of traded securities	122,764,779	122,009,649

9 ACCOUNTS RECEIVABLE AND CONTRACT ASSETS

9.1 Accounts receivable

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Trade receivables	45,532,876	41,695,169
Non-trade receivables	1,874,706	1,652,172
	47,407,582	43,347,341
Provision for expected credit losses	(7,613,045)	(8,554,288)
	39,794,537	34,793,053

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

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	8,554,288	6,770,815
Charge for the period / year	-	1,783,473
Reversal for the period / year	(941,243)	-
At the end of the period / year	7,613,045	8,554,288

9.2 Contract assets

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Balance at 1 January	-	-
Revenue recognised during the period/year	44,146,711	-
Revenue billed during the period/year	(26,347,962)	-
At the end of the period/year	17,798,749	-

The Group applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days outstanding as unbilled. The contract assets relate to unbilled work in progress and have substantially similar risk characteristics as trade receivables for the same types of contracts. However, the longer the contract asset is outstanding the higher is the increased risk that it will not be collected. During the period ended 30 June 2024, the impact of the expected credit loss resulting from contract assets were immaterial.

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six month period ended 30 June 2024

10 PREPAYMENTS AND OTHER ASSETS

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Accrued rent	31,919,482	30,563,104
Dividends receivable	875,000	875,000
Receivable from financial institutions	-	9,000,000
Advances to suppliers and contractors	33,343,558	15,225,554
Prepaid expenses	20,663,513	9,806,798
Value added tax receivable	15,897,997	7,090,264
Employees' receivable	5,842,737	4,758,345
Insurance claims	601,761	206,270
Others	4,871,047	5,702,039
	114,015,095	83,227,374
Provision for expected credit loss on other receivables	(689,095)	(689,095)
	113,326,000	82,538,279
Less: non-current accrued rent	(31,919,482)	(30,563,104)
	81,406,518	51,975,175

11 CASH AND CASH EQUIVALENTS

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Bank balances	68,079,829	126,044,149
Cash with portfolio managers	6,293,908	3,594,149
	74,373,737	129,638,298

12 TERM LOAN

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Principal amount due at beginning of the period/year	53,000,000	76,000,000
Less: repayment	-	(23,000,000)
Principal amount due at end of the period/ year	53,000,000	53,000,000
Less: un-amortized portion of transaction cost	(602,616)	(1,446,666)
	52,397,384	51,553,334
Less: current portion	(52,397,384)	(26,500,000)
non-current portion	-	25,053,334

On 17 Muharram 1440 H (corresponding to 27 September 2018), the Group signed an agreement to obtain a loan from the Saudi Industrial Development Fund (SIDF) amounting to SR 203 million. The loan is for the purpose of developing the filling plants and distribution of gas in all regions with a production capacity of 1,648 thousand tons in all branches of the Group. The terms of the loan span over a tenure of 5 years. The loan carries only an upfront fee amount of SR 16.2 million that was paid at the start of the loan and incur to follow-up charges which are paid on semi-annual basis over the term of the loan. Further, this loan carries certain conditions / covenants, such as maintaining required current asset ratios during the term of the loan and a specific ratio of liabilities to net tangible value. During the period ended 30 June 2024, there has been no non-compliance with any of the covenants. The agreement also contains undertaking pledges of seven plots of land with a total cost of SR 17.6 million; of which the Group has pledged two plots as at the reporting period with a total cost of SR 2.7 million (note 4), and the process of pledging the remaining five plots of land is under process.

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six month period ended 30 June 2024

13 EMPLOYEES' DEFINED BENEFITS LIABILITIES

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	116,044,000	110,957,000
Amount recognized in profit or loss		
Current service cost	4,754,610	9,146,969
Finance costs	2,978,000	5,477,000
	7,732,610	14,623,969
Amount recognized in other comprehensive income		
Re-measurements gain on employees defined benefit liabilities	(9,566,857)	(60,494)
Current service cost charge to capital work in progress	58,943	149,031
Paid during the period/year	(5,495,352)	(9,625,506)
At the end of the period / year	108,773,344	116,044,000

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

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

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Discount rate	5.90%	5%
Future salary increases	4%	4%
Retirement age	60	60
Turnover rate	1% - 25%	1% - 25%

Sensitivity analysis

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

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Discount rate		
Increase 1%	(10,006,837)	(10,749,000)
Decrease 1 %	10,786,163	12,570,000
The future increase in the salaries		
Increase 1%	10,890,163	12,570,000
Decrease 1%	(10,257,837)	(10,940,000)

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six month period ended 30 June 2024

14 ACCRUED EXPENSES AND OTHER LIABILITIES

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Dividends payable	124,986,173	118,268,225
Accrued expenses	31,660,244	44,731,120
Advance from customers	49,397,498	44,263,897
Accrued employees' benefits	22,741,669	26,712,384
Security deposits from customers	2,937,081	3,635,846
Board of Directors and committees' remunerations	1,766,346	2,986,481
Others	3,364,536	3,253,225
	<u>236,853,547</u>	<u>243,851,178</u>

15 ZAKAT PAYABLE

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period/year	47,278,106	90,307,604
Reversal for the period/year	(9,276,199)	-
Charge for the period/year	3,609,651	15,010,401
Paid during the period/year	(9,689,264)	(58,039,899)
At the end of the period/year	<u>31,922,294</u>	<u>47,278,106</u>

Status of assessments

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

2011 to 2013 status:

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

2019 and 2020 status:

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

- The first case No. 127671-2022-z for the year 2019, where some of the objected items that were rejected by the Adjudication Committee with total amount of SR 6.8 million and have been transferred to the Appeal Committee with No. 177650-2023-z.
- The second case No. 127674-2022-z for the year 2020, where some of the objected items that were rejected by the Adjudication Committee with total amount after reduction of SR 2.5 million and have been transferred to the Appeal Committee with No. 180587-2023-z.

The Appeal Committee issued its final resolution related to 2019 and 2020 to confirm the resolution of the Adjudication Committee. The final amount to be paid has not been provided yet.

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six month period ended 30 June 2024

15 ZAKAT PAYABLE (continued)

2021 to 2023 status:

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

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

16 REVENUES

	For the three month period ended 30 June		For the six month period ended 30 June	
	2024 (Unaudited) SR	2023 (Unaudited) SR	2024 (Unaudited) SR	2023 (Unaudited) SR
	Gas sales	591,652,934	537,598,590	1,244,946,671
Gas cylinders and tanks, and extension parts' sales	16,652,507	16,829,444	43,195,956	41,366,478
Service, transportation and installation revenue	5,849,276	5,412,316	12,296,237	10,295,176
Scrap Sales	1,929,620	311,384	5,275,225	2,054,907
Other commercial projects	26,798,148	7,291,749	44,000,652	12,203,075
	642,882,485	567,443,483	1,349,714,741	1,182,371,117

17 INVESTMENTS INCOME

	For the three month period ended 30 June		For the six month period ended 30 June	
	2024 (Unaudited) SR	2023 (Unaudited) SR	2024 (Unaudited) SR	2023 (Unaudited) SR
	Dividends income from FVTOCI	11,958,399	11,862,311	23,916,798
Rent income from investment properties	3,128,265	3,101,720	6,230,355	6,220,933
Change in fair value of investments in FVTPL	(5,837,719)	10,725,600	2,374,460	18,146,764
Others	-	-	244,900	-
	9,248,945	25,689,631	32,766,513	48,092,273

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six month period ended 30 June 2024

18 OTHER INCOME, NET

	For the three month period ended 30 June		For the six month period ended 30 June	
	2024 (Unaudited) SR	2023 (Unaudited) SR	2024 (Unaudited) SR	2023 (Unaudited) SR
Gain from replacement of property, plant and equipment (Land)	4,752,000	-	4,752,000	-
Gain on disposal of property, plant and equipment	90,278	149,919	307,558	149,919
Foreign currency exchange differences	(128,161)	5,566	33,955	165,236
Others	3,109,106	293,536	3,759,547	377,923
	7,823,223	449,021	8,853,060	693,078

19 EARNINGS PER SHARE

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

	For the three month period ended 30 June		For the six month period ended 30 June	
	2024 (Unaudited) SR	2023 (Unaudited) SR	2024 (Unaudited) SR	2023 (Unaudited) SR
Net income for the period	57,996,955	54,519,765	136,602,741	127,499,405
Weighted average number of outstanding shares	75,000,000	75,000,000	75,000,000	75,000,000
Basic and diluted earnings per share	0.77	0.73	1.82	1.70

20 DIVIDENDS

The Company's Board of Directors decided on 26 Dhul-Qidah 1445H (corresponding to 3 June 2024), to distribute interim cash dividends to the shareholders for the first half of 2024 of SR 1.10 per share, amounting to SR 82.5 million in accordance with the authorization granted by the Ordinary General Assembly held on 26 May 2024. These interim cash dividends have been distributed to the shareholders in July 2024 (2023: the Company's Board of Directors decided on 2 Dhul-Hijjah 1444H (corresponding to 20 June 2023), to distribute interim cash dividends to shareholders for the first half of 2023 of SR 1 per share, amounting to SR 75 million in accordance with the authorization granted by the Ordinary General Assembly held on 3 May 2023. These interim cash dividends have been distributed to the shareholders in July 2023.

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six month period ended 30 June 2024

21 COMMITMENTS AND CONTINGENCIES

Contingencies

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

Guarantees and letters of credit

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

The Group has submitted a bank guarantee to Saudi Arabian Oil Company "Saudi Aramco" amounting to SR 284.1 million (2023: SR 280 million) relating to the supply of liquefied gas products.

The Group has other outstanding letters of guarantee as of 30 June 2024 amounting to SR 7.6 million (31 December 2023: SR 8.9 million).

The Group has outstanding letters of credit as of 30 June 2024 amounting to SR 98.1 million (31 December 2023: SR 15 million).

Commitments

As of 30 June 2024, the Group has commitments of SR 76.4 (31 December 2023: SR 99.5 million) related to capital work in progress under property, plant and equipment and intangible assets.

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six month period ended 30 June 2024

22 OPERATING SEGMENTS

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

	Central region SR	Western region SR	Eastern region SR	Southern region SR	Eliminations SR	Total SR
30 June 2024 (Unaudited)						
Revenues	550,556,124	458,716,908	214,999,069	148,598,564	(23,155,924)	1,349,714,741
Cost of revenues	(450,209,740)	(387,973,652)	(178,148,056)	(130,922,478)	23,155,924	(1,124,098,002)
Depreciation and amortisation of assets	(18,139,257)	(21,337,239)	(7,194,092)	(6,940,044)	-	(53,610,632)
Depreciation of right-of-use assets	(1,027,258)	(919,904)	(326,063)	(317,221)	-	(2,590,446)
Selling and distribution expenses	(15,413,436)	(10,001,822)	(4,390,598)	(3,410,418)	-	(33,216,274)
General and administrative expenses	(23,302,930)	(16,881,068)	(7,912,100)	(5,468,520)	-	(53,564,618)
Reversal of provision for expected credit losses	438,194	336,588	107,925	58,536	-	941,243
Operating income	42,901,697	21,939,811	17,136,085	1,598,419	-	83,576,012
30 June 2024 (Unaudited)						
Total operating assets	1,187,287,142	242,777,098	34,505,247	68,774,859	(83,542,907)	1,449,801,439
Total operating liabilities	(582,256,908)	(79,510,088)	(31,054,331)	(17,106,502)	83,542,907	(626,384,922)
30 June 2023 (Unaudited)						
Revenues	453,760,329	404,112,010	190,801,185	135,868,847	(2,171,254)	1,182,371,117
Cost of revenues	(376,356,016)	(333,350,170)	(152,219,119)	(114,844,686)	2,171,254	(974,598,737)
Depreciation and amortisation of assets	(19,153,605)	(19,660,940)	(6,505,456)	(6,978,705)	-	(52,298,706)
Depreciation of right-of-use assets	(544,951)	(1,001,015)	(457,006)	(307,907)	-	(2,310,879)
Selling and distribution expenses	(12,127,549)	(9,123,103)	(4,050,394)	(2,942,355)	-	(28,243,401)
General and administrative expenses	(18,893,665)	(15,431,843)	(7,286,133)	(5,188,429)	-	(46,800,070)
Provision for expected credit losses	(92,683)	(49,432)	(55,610)	(8,239)	-	(205,964)
Operating income	19,845,653	25,495,507	20,227,467	5,598,526	-	77,913,360
31 December 2023 (Audited)						
Total operating assets	965,156,541	286,557,941	63,592,382	96,150,361	(65,722,408)	1,345,734,817
Total operating liabilities	(442,717,582)	(121,753,705)	(47,375,066)	(36,571,232)	65,722,408	(582,695,177)

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six month period ended 30 June 2024

22 OPERATING SEGMENTS (continued)

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

The revenue information above is based on the regional location of the customers. Segment revenue reported above represents revenue generated from external customers. There was a revenue between the parent company and its subsidiary of SR 23.1 million for the period ended 30 June 2024 (30 June 2023: SR 2.2 million) which was eliminated at consolidation. No single customer contributed 10% or more to the Group's revenues. Zakat provision, term loan and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis.

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

Reconciliation of profit

	For the three month period ended 30 June		For the six month period ended 30 June	
	2024 (Unaudited) SR	2023 (Unaudited) SR	2024 (Unaudited) SR	2023 (Unaudited) SR
Segment operating income	29,836,088	27,498,624	83,576,012	77,913,360
Investments income	9,248,945	25,689,631	32,766,513	48,092,273
Finance income	2,868,232	3,711,012	6,426,595	6,396,001
Finance costs	(669,196)	(841,390)	(1,682,740)	(1,951,778)
Share of results from associates	1,413,464	1,612,867	996,753	3,556,471
Other income, net	7,823,223	449,021	8,853,060	693,078
Zakat	7,476,199	(3,600,000)	5,666,548	(7,200,000)
Net income for the period	57,996,955	54,519,765	136,602,741	127,499,405

Reconciliation of assets

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Segment operating assets	1,449,801,439	1,345,734,817
Investments in associates	87,932,730	89,407,944
Financial assets held at fair value through other comprehensive income (FVTOCI)	722,693,965	685,726,828
Financial assets held at amortised cost	240,530,582	250,898,514
Financial assets held at fair value through profit or loss (FVTPL)	122,764,779	122,009,649
Investment properties	33,442,174	33,442,174
Total assets	2,657,165,669	2,527,219,926

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six month period ended 30 June 2024

22 OPERATING SEGMENTS (continued)

Reconciliation of liabilities

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Segment operating liabilities	626,384,922	582,695,177
Term loan	52,397,384	51,553,334
Zakat payable	31,922,294	47,278,106
Total liabilities	710,704,600	681,526,617

23 RELATED PARTY TRANSACTIONS AND BALANCES

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

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

Name	Relationship
Saudi Gas Cylinder Factory Company	Associate

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

	For the six month period ended 30 June	
	2024 (Unaudited) SR	2023 (Unaudited) SR
Purchases of gas cylinders and tanks	27,501,840	39,197,570

c) *Amounts due to related parties*

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Saudi Gas Cylinder Factory Company	14,453,192	9,790,134

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

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
For the six month period ended 30 June 2024

23 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

d) Key management personnel compensation

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

	For the six month period ended 30 June	
	2024 (Unaudited) SR	2023 (Unaudited) SR
Key management personnel salaries and benefits – short term	10,772,742	8,256,747
Board of directors’ members remunerations	811,542	795,600
Post-retirement benefits	267,550	350,136
Total	11,851,834	9,402,483

The amounts disclosed in the above table are the amounts recognized as an expense during the reporting period related to key management personnel.

24 EVENTS SUBSEQUENT TO THE REPORTING DATE

In the opinion of management, there have been no further significant subsequent events that may require adjustments or disclosures in the interim condensed consolidated financial statements other than those disclosed in note 1 (b).

25 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the Audit Committee in accordance with the authorisation of the Board of Directors on 6 August 2024.