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

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

INDEX	**PAGE**

pwc

Independent auditor's report to the shareholders of National Gas and Industrialization Company

Report on the audit of consolidated financial statements

Our Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of National Gas and Industrialization Company (the "Company") and its subsidiary (together the "Group") as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Group's consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2022;
- The consolidated statement of comprehensive income for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated statement of cash flows for the year then ended; and
- The notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Our audit approach

Overview

Key audit matters	• Revenue recognition • Valuation of unquoted financial assets at FVOCI • Restatement of prior years' figures

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

***Our Audit approach** (continued)*

Key audit matters

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

Key audit matter	How our audit addressed the Key audit matter
Revenue recognition	
For the year ended 31 December 2022, the Group's revenue is SR 2,080 million (2021: SR 1,904 million). Revenue recognition is considered a key audit matter in view of the significance of the amounts involved, the susceptibility of such revenue to misstatement and fraud risk and the fact that the Group's management focuses on revenue as one of key performance measures and a driver for growth and expansion. *Refer to note 2 for the accounting policy related to revenue recognition and note 24 for the relevant disclosures.*	Our audit procedures for revenue testing, among other audit procedures, included the following: • Obtained an understanding of the nature of revenue contracts with customers and distributors to determine significant revenue streams; • Considered the appropriateness and tested the consistency of the Group's revenue recognition policies; • Assessed the compliance of such policies with the applicable IFRS that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA; • Inspected a sample of sales contracts and transactions to confirm our understanding if revenue recognition is compliant with IFRS 15 requirements and to obtain evidence that the transaction occurred; • Inspected a sample of sales transactions recorded before and after the year-end to assess the appropriateness of revenue recognition in their corresponding period; • Tested, on a sample basis, journal entries posted to the revenue accounts to identify unusual or irregular postings; and • Assessed the adequacy of the disclosures in the Group's consolidated financial statements in accordance with IFRS.

Our Audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Valuation of unquoted financial assets held at fair value through other comprehensive income As at 31 December 2022, the Group has investments in unquoted equity instruments amounted to SR 591.7 million (2021: SR 638.1 million) which were classified as financial assets held at fair value through other comprehensive income (FVTOCI). We considered the valuation of these financial assets as a key audit matter due to the significance of their amounts and the complexity and judgment involved in the determination of their fair values. *Refer to note 2 for the accounting policy and note 12.1(a) for the relevant disclosures.*	Our audit procedures included, among others, the following: • Evaluated the management's independent professional valuer's competence, capabilities and objectivity; • Tested, on a sample basis, the accuracy and reasonableness of the input data provided by the management to its independent professional valuer; • Involved our valuation expert to assist us in assessing the valuation methodologies used by the management's independent professional valuer; and • Assessed the adequacy of disclosures around the valuation basis and inputs used in the fair value measurement as detailed in the consolidated financial statements.
Restatement of prior years' figures During the year, certain errors and reclassifications were identified in relation to prior periods that required restatement of the consolidated statement of financial positions as at December 31, 2021 and January 1, 2021 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2021, in accordance with IAS 8. We considered this to be a key audit matter because of the significance and complexity of the amounts involved in the restatements. *Refer to Note 39 in the accompanying consolidated financial statements for the related disclosures.*	We performed the following procedures related to prior periods' restatement: • Tested, on a sample basis, the supporting documents of the transactions which resulted in the restatement; • Assessed the appropriateness of the Group's related accounting policies in accordance with the applicable IFRS that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA; • Traced the comparative figures for the statements of financial positions, comprehensive income, equity and cash flows before the restatements to the previously issued financial statements; • Checked the mathematical accuracy of the comparative figures after the restatement impact; and • Considered the adequacy of the Group's disclosures relating to the restatements in terms of the applicable accounting standards.

Independent auditor's report to the shareholders of National Gas and Industrialization Company (continued)

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Group's Annual Report, but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, that are 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.

- 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.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

PricewaterhouseCoopers

Ali Alotaibi
License No. 379

29 March 2023

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(All amounts in Saudi Riyals unless otherwise stated)

	Note	31 December 2022	31 December 2021 (Restated note 39)	1 January 2021 (Restated note 39)
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	7	**787,307,203**	717,545,210	633,970,328
Intangible assets	8	**36,478,800**	31,919,119	33,148,035
Investment properties	9	**33,442,174**	34,342,174	34,353,174
Right-of-use assets	10	**19,723,178**	1,494,980	3,401,454
Investments in associates	11	**89,759,775**	87,898,531	80,270,034
Financial assets held at fair value through other comprehensive income (FVTOCI)	12.1-a	**654,995,718**	701,835,418	678,073,411
Financial assets held at amortised cost	12.1-c	**184,016,184**	146,500,000	129,995,163
TOTAL NON-CURRENT ASSETS		**1,805,723,032**	1,721,535,432	1,593,211,599
CURRENT ASSETS				
Financial assets held at fair value through profit or loss (FVTPL)	12-b	**132,356,596**	199,154,133	179,498,455
Financial assets held at amortised cost	12-c	**30,000,000**	101,067,034	-
Inventories, net	13	**163,392,965**	162,046,069	157,748,632
Accounts receivable, net	14	**30,774,861**	31,149,091	45,481,461
Prepayments and other current assets	15	**60,405,421**	59,663,530	49,077,895
Cash and cash equivalents	16	**175,851,736**	63,368,449	277,111,158
TOTAL CURRENT ASSETS		**592,781,579**	616,448,306	708,917,601
TOTAL ASSETS		**2,398,504,611**	2,337,983,738	2,302,129,200
EQUITY AND LIABILITIES				
EQUITY				
Share capital	17	**750,000,000**	750,000,000	750,000,000
Statutory reserve	18	**225,000,000**	225,000,000	225,000,000
Retained earnings		**295,832,196**	250,182,653	143,040,505
Unrealised gains from financial assets held at FVTOCI	12.1-a	**464,131,324**	510,971,023	487,209,016
TOTAL EQUITY		**1,734,963,520**	1,736,153,676	1,605,249,521
LIABILITIES				
NON-CURRENT LIABILITES				
Term loan	20	**72,725,235**	112,344,168	143,641,682
Lease liabilities	10	**14,956,815**	659,453	2,241,877
Employees defined benefits liabilities	21	**110,957,000**	140,600,642	156,481,393
TOTAL NON-CURRENT LIABILITES		**198,639,050**	253,604,263	302,364,952
CURRENT LIABILITES				
Trade payables		**215,972,941**	133,782,678	111,757,568
Lease liabilities - current portion	10	**5,250,910**	1,781,367	2,308,953
Accrued expenses and other current liabilities	22	**153,370,586**	124,966,406	162,688,492
Term loan – current portion	20	-	-	32,000,000
Zakat payable	23	**90,307,604**	87,695,348	85,759,714
TOTAL CURRENT LIABILITES		**464,902,041**	348,225,799	394,514,727
TOTAL LIABILITIES		**663,541,091**	601,830,062	696,879,679
TOTAL EQUITY AND LIABILITIES		**2,398,504,611**	2,337,983,738	2,302,129,200

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements.

Mr. Majed Ahmed Qwaider Chief Financial Officer	Eng. Abdulrahman Bin Abdulaziz Bin Sulaiman Chief Executive Officer and Board Member	Eng. Abdulaziz Bin Fahad Al-Khayyal Chairman of Board of Directors

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2022	2021 (Restated note 39)
Revenues	24	**2,080,208,598**	1,904,225,855
Cost of revenues	25	**(1,801,579,611)**	(1,649,469,112)
GROSS PROFIT		**278,628,987**	254,756,743
OTHER OPERATING EXPENSES			
Selling and distribution expenses	26	**(76,617,122)**	(88,080,079)
General and administrative expenses	27	**(98,306,748)**	(94,483,410)
Provision for expected credit losses	14	**4,260,406**	1,337,985
OPERATING INCOME		**107,965,523**	73,531,239
Investment income	28	**77,354,142**	122,104,677
Finance income from investment at amortized cost		**10,314,430**	7,484,002
Finance costs	29	**(6,201,009)**	(9,034,136)
Share of results of associates, net	11	**2,875,224**	13,430,069
Other income, net	30	**36,805,213**	8,111,776
Impairment of investment properties	9	**-**	(11,000)
PROFIT BEFORE ZAKAT		**229,113,523**	215,616,627
Zakat	23	**(15,050,000)**	(14,252,395)
NET PROFIT FOR THE YEAR		**214,063,523**	201,364,232
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive (loss) / income that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement of employees' defined benefits liabilities	21	**26,586,020**	(472,081)
Change in unrealised (losses)/ gains from financial assets held at FVTOCI	12-a	**(46,839,699)**	23,762,007
TOTAL OTHER COMPREHENSIVE (LOSS)/INCOME		**(20,253,679)**	23,289,926
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**193,809,844**	224,654,158
Earnings per share			
Basic and diluted earnings per share	31	**2.85**	2.68
Weighted average number of outstanding shares		**75,000,000**	75,000,000

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements.

Mr. Majed Ahmed Qwaider Chief Financial Officer	Eng. Abdulrahman Bin Abdulaziz Bin Sulaiman Chief Executive Officer and Board Member	Eng. Abdulaziz Bin Fahad Al-Khayyal Chairman of Board of Directors

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Retained earnings	Unrealized gains from financial assets held at FVTOCI	Total
Balance at 1 January 2022 (*As issued*)		750,000,000	225,000,000	151,964,481	524,380,156	1,651,344,637
Correction of errors	39	-	-	98,218,172	(13,409,133)	84,809,039
Balance at 1 January 2022 (*Restated*)		750,000,000	225,000,000	250,182,653	510,971,023	1,736,153,676
Profit for the year		-	-	214,063,523	-	214,063,523
Other comprehensive income/(loss)		-	-	26,586,020	(46,839,699)	(20,253,679)
Total comprehensive income/(loss) for the year		-	-	240,649,543	(46,839,699)	193,809,844
Declared dividends	32	-	-	(195,000,000)	-	(195,000,000)
Balance as at 31 December 2022		750,000,000	225,000,000	295,832,196	464,131,324	1,734,963,520
Balance at 1 January 2021 (*As issued*)		750,000,000	225,000,000	44,448,445	545,958,651	1,565,407,096
Correction of errors	39	-	-	98,592,060	(58,749,635)	39,842,425
Balance at 1 January 2021 (*Restated*)	39	750,000,000	225,000,000	143,040,505	487,209,016	1,605,249,521
Profit for the year		-	-	201,364,232	-	201,364,232
Other comprehensive (loss) / income		-	-	(472,081)	23,762,007	23,289,926
Total comprehensive income for the year		-	-	200,892,151	23,762,007	224,654,158
Declared dividends	32	-	-	(93,750,003)	-	(93,750,003)
Balance as at 31 December 2021		750,000,000	225,000,000	250,182,653	510,971,023	1,736,153,676

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements.

Mr. Majed Ahmed Qwaider	Eng. Abdulrahman Bin Abdulaziz Bin Sulaiman	Eng. Abdulaziz Bin Fahad Al-Khayyal
Chief Financial Officer	Chief Executive Officer and Board Member	Chairman of Board of Directors

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMEBR
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2022 SR	2021 (Restated note 39) SR
OPERATING ACTIVITIES			
Profit before zakat		**229,113,523**	215,616,627
Adjustments to reconcile Profit before zakat to net cash flows:			
Depreciation of property, plant and equipment	7	**97,917,227**	84,112,793
Amortization of intangible assets	8	**11,227,110**	9,599,576
Depreciation of right to use assets	10	**5,929,340**	1,906,474
Finance costs on lease liabilities	29	**802,958**	201,260
Share of results of associates	11	**(2,736,244)**	(13,430,069)
Gain on disposal of property, plant and equipment	30	**(30,868,003)**	(511,907)
Reversal of expected credit losses provision	14	**(4,260,406)**	(1,337,985)
Provision for other receivables	15	**792,180**	-
Provision for employees defined benefits liabilities	21	**14,307,000**	15,228,640
Amortization of upfront fees	29	**3,381,067**	5,702,486
Follow up fees on term loan	29	**2,016,984**	3,130,390
Provision for gas cylinder inventory	13	**2,930,479**	978,443
Provision for slow moving inventory	13	**3,036,309**	-
Impairment on investments properties	9	**-**	11,000
Change in fair value of investments at FVTPL	12-b	**3,935,885**	(23,692,705)
Dividends received from investments at FVTOCI	28	**(68,168,601)**	(83,874,117)
Finance income from investment at amortized cost		**(10,314,430)**	(7,484,002)
Rent income from investment properties	28	**(12,952,648)**	(13,730,772)
Finance income from Short-term Murabaha time deposits	28	**(168,778)**	(807,083)
		245,920,952	191,619,049
Changes in working capital:			
Inventories	13	**(7,313,684)**	(3,462,567)
Accounts receivable	14	**(966,294)**	15,670,355
Prepayments and other current assets	15	**(1,534,071)**	(11,615,869)
Financial assets at FVPL	12-b	**62,861,652**	4,037,027
Trade payables		**82,190,263**	16,762,213
Accrued expenses and other current liabilities	22	**28,404,180**	(46,868,659)
		409,562,998	166,141,549
Zakat paid	23	**(12,437,744)**	(12,316,761)
Employees defined benefits liabilities paid	21	**(17,364,622)**	(23,744,766)
Net cash flows generated from operating activities		**379,760,632**	130,080,022

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements.

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER
(continued)
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2022 SR	2021 (Restated note 39) SR
INVESTING ACTIVITIES			
Additions of property, plant and equipment	7	**(169,744,583)**	(168,069,658)
Additions of intangible assets	8	**(15,786,791)**	(7,431,528)
Purchase of investments held at amortized cost	12-c	**(43,949,150)**	(116,500,000)
Proceed from investments held at amoritzed cost		**77,500,000**	-
Proceeds from disposal of property, plant and equipment		**32,933,366**	2,601,807
Dividends received from associates	11	**875,000**	5,775,000
Dividends received from investments at FVTOCI	28	**68,168,601**	84,283,862
Finance income from investment at amortized cost		**10,314,430**	6,002,386
Rent income from investment properties	28	**12,952,648**	13,730,772
Finance income from short-term Murabaha time deposits	28	**168,778**	807,083
Net cash used in investing activities		**(26,567,701)**	(178,800,276)
FINANCING ACTIVITIES			
Dividends paid	32	**(191,860,264)**	(92,413,565)
Lease liabilities paid	10	**(3,832,396)**	(478,500)
Loan repayment	20	**(43,000,000)**	(69,000,000)
Follow up fees on term loan	29	**(2,016,984)**	(3,130,390)
Net cash used in financing activities		**(240,709,644)**	(165,022,455)
Net change in cash and cash equivalents		**112,483,287**	(213,742,709)
Cash and cash equivalents at the 1 January		**63,368,449**	277,111,158
Cash and cash equivalents at 31 December	16	**175,851,736**	63,368,449
SIGNIFICANT NON-CASH TRANSACTIONS:			
Change in fair value of investments in financial assets at fair value through other comprehensive income	12-a	**(46,839,700)**	23,762,007
Actuarial gains (losses) from remeasurement of employees defined benefit liabilities	21	**26,586,019**	(472,081)
Employees defined benefits liabilities transferred to accrued expenses	21	**-**	(7,836,706)
Lease liabilities transferred to trade payables	10	**(3,361,195)**	(1,832,770)
Current service cost charge to work in progress	21	**113,377**	87,234
Additions of the right of use assets	10	**24,157,538**	-
Additions of the lease liabilities	10	**(24,157,538)**	-
Dividends payable		**3,139,736**	1,336,438

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements.

Mr. Majed Ahmed Qwaider Chief Financial Officer	Eng. Abdulrahman Bin Abdulaziz Bin Sulaiman Chief Executive Officer and Board Member	Eng. Abdulaziz Bin Fahad Al-Khayyal Chairman of Board of Directors

1 CORPORATE INFORMATION

a) ESTABLISHMENT OF THE COMPANY

National Gas and Industrialization Company (GASCO) (the "Company") is a Saudi Joint Stock Company 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 750,000,000 and is divided into 75,000,000 shares of SR 10 each. As at 31 December 2022, the Public Investment Fund owns 10.91% (2021: 10.91%), and Mr. Abdulaziz Abdulrahman Al-Mohsen owns 6.66% (2021: 6.66%) of the total Company shares and the remaining shares are publicly traded.

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

b) GROUP ACTIVITIES

The activities of the Company and its subsidiary (the "Group") include carrying out all work related to the exploitation, manufacturing and marketing of all kinds of gas and its derivatives and industrial gases inside and outside the Kingdom of Saudi Arabia, selling, manufacturing and maintaining cages, cylinders, tanks and accessories, maintenance of gas networks and accessories, carrying out all work related to the manufacturing, transporting and marketing of petroleum, chemical, petrochemical and glass products, establishment or participation in the production of energy, water treatment and environmental services, in addition to the acquisition of real estate and purchase of land for the construction of buildings thereon and investing it through sale or lease in favor of the Group. Also, the Group is incorporated to provide technical and engineering consulting services and training related to all gas and energy works. In addition, The Group is specialized in establishing, building and maintenance of liquefied petroleum gas (LPG) networks and tanks, developing LPG products and solution. Currently the Group is engaged in selling gas and its derivatives and industrial gases inside the Kingdom of Saudi Arabia and maintaining cages, cylinders, tanks and accessories, maintenance of gas networks and accessories.
The registered address of the Group is P.O. Box 564, Riyadh 11421, Kingdom of Saudi Arabia.

The Group has the following branches:

Branch	***Commercial registration number***	***Issuing date***
1- Riyadh	1010429687	23/03/1436 H
2- Riyadh	1010672639	23/04/1442 H
3- Riyadh	1010828231	25/02/1444 H
4- Riyadh	1010672640	23/04/1442 H
5- Riyadh	1010672641	23/04/1442 H
6- Riyadh	1010681388	04/06/1442 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 consolidated financial statements.

1 CORPORATE INFORMATION (continued)

b) GROUP ACTIVITIES (continued)

During the first quarter of 2021, the Company established a new subsidiary which is 100% owned under the name of Gas Solutions Company (Owned by One Person) (a limited liability Company), the comparative figures as at 1 January 2021 represent only the Company's financial statements. The below represents the details of the subsidiary:

Subsidiary	*Commercial registration number*	*Country of incorporation*	*Effective shareholding percentage*
Gas Solutions Company	1010693275	Kingdom of Saudi Arabia	100%

2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

i) Statement of compliance

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

ii) Historical cost convention

The consolidated financial statements are 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 has been actuarially valued. 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.

iii) Basis of measurement

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

iv) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiary as at 31 December 2022. The financial year of the Subsidiary Company is from January to December which is same as the Parent Company, however, the comparative financial information is for a period of less than one year i.e. 9 March 2021 to 31 December 2021 which have been drawn up and were audited to facilitate the preparation of consolidated financial statements for the year ended 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee,
- The ability to use its power over the investee to affect its returns.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of preparation (continued)

iv) Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights,

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. 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 year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

b) Summary of significant accounting policies

i) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Summary of significant accounting policies (continue)

i) Business combinations (continue)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

ii) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting year, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year

All other assets are classified as non-current.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Summary of significant accounting policies (continue)

ii) Current versus non-current classification (continue)

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting year, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year

The Group classifies all other liabilities as non-current.

iii) Fair value measurement

The Group measures financial instruments such as investments at FVTOCI and investments at FVTPL, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principle market or, in its absence, the most advantageous market for the asset and liability to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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

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

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

All assets and liabilities for which fair value is measured or disclosed in these consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in these consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Summary of significant accounting policies (continue)

iii) Fair value measurement (continue)

External valuers are involved for valuation of significant assets, such as investment properties and unquoted financial assets. Involvement of external valuers is determined annually by the Audit and Risk Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated regularly. The investment team verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions (Note 5)
- Quantitative disclosures of fair value measurement hierarchy (Note 36)
- Investment properties (Note 9)
- Financial instruments (including those carried at amortised cost) (Note 35)

iv) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Projects in progress are stated at cost. When commissioned, projects in progress are transferred to the appropriate property, plant and equipment asset category and depreciated in accordance with the Group's policies. Spare parts and capitalized machines, meeting the definition of property, plant and equipment, are accounted as per the principles of IAS 16 with respect to property, plant and equipment.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

The cost less estimated residual value of remaining property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets, effective from the date when it was available for use, as follows:

Category of property, plant and equipment	*Useful lives*
Buildings	20
Motor vehicles and trucks	5-10
Machines and equipment	10
Furniture and fixtures	10
Devices and equipment	5
Cages	5
Tools and equipment	10

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Summary of significant accounting policies (continue)

iv) Property, plant and equipment (continue)

An item of property, plant and equipment and any significant part initially recognized are derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognized. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

v) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles are not capitalized, and the related expenditure is reflected in statement of profit or loss in the year in which the expenditure is incurred. The estimated useful lives of intangible assets are as follows:

Category of intangible assets	*Useful life*
Software	5 years

Intangible assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Intangible assets with finite lives are amortized on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization year and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization year or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the intangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income.

vi) Investment properties

Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, these are carried at cost less any accumulated depreciation and accumulated impairment losses.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Summary of significant accounting policies (continue)

vi) Investment properties (continue)

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the year of derecognition. Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment's properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets less their residual values for the properties, except lands, over their useful lives, using the straight-line method based on the following depreciation years:

Category of investment properties	*Useful life*
Buildings	20

Any gain or loss arising from sale or disposal of the investment properties which represents the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the profit or loss in the year where the sale or disposal occurs. The rent revenue from the operating lease contracts for the investment properties is recognized in the profit or loss using the straight-line method over the contract year. The fair value for the investment properties is disclosed in note 9 of notes to the consolidated financial statements.

vii) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Summary of significant accounting policies (continue)

vii) Impairment of non-financial assets (continue)

Impairment losses of continuing operations are recognized in the profit and loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

viii) Financial instruments

Accounts receivable issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes party to the contractual provisions of the instrument. A financial asset (unless it is a accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Accounts receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

The classification of debt financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of accounts receivable that do not\contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at the instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date i.e. the date that the Group commits to purchase or sell the asset.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Summary of significant accounting policies (continue)

viii) Financial instruments *(continue)*

The Group has implemented following classifications for its financial assets:

Financial statement line item	***IFRS 9 classification***
Accounts receivable	Amortised cost
Cash and cash equivalents	Amortised cost
Financial assets held at amortised cost	Amortised cost
Financial assets at FVTOCI	Fair value
Financial assets at FVTPL	Fair value

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instrument)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instrument)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes accounts receivable and bonds receivables.

Financial assets designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its investment in equity instruments and under this category.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Summary of significant accounting policies (continue)

***viii) Financial instruments** (continue)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity and debt instruments. Dividends from these investments are also recognised as income in statement of profit or loss when the right of payment has been established.

Finance Income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified at FVOCI, Finance income is recognised using the effective interest rate (EIR) method.

Dividends

Dividends are recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend

Reclassifications

Financial assets are not reclassified after their initial recognition, except in the year after the Group changes its business model for managing financial assets.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flow from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Impairment of financial assets

The Group assesses all information available, including a forward-looking basis the expected credit loss associated with its assets carried at amortised cost and debt instruments measured at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring at the asset as at the reporting date with the risk of default at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. The Group considers a financial asset in default when contractual payments are 90 days past due.

For debt instruments measured at FVOCI, impairment gains or losses are recognised in the statement of profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Summary of significant accounting policies (continue)

viii) Financial instruments *(continue)*

Expected credit loss assessment for accounts receivable

For accounts receivable only, the Group recognises expected credit losses on simplified approach under IFRS 9. The simplified approach to the recognition of expected credit losses does not require the Group to track the changes in credit risk; rather, the Group recognises a loss allowance based on lifetime expected credit losses at each reporting date from the date of the accounts receivable.

The expected loss rates are based on the payment profiles of receivables over a period of 36 months and corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified GDP of Kingdom of Saudi Arabia (the country in which it renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Write-off and control

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Classification of financial liabilities

The Group classifies its financial liabilities including long term borrowings, and trade and other payables, all financial liabilities ae recognized initially at fair value and in the cost of loans and borrowings and payables net of transactions cost.

Accounts and other payables represent liabilities for goods or services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured. These are recognised initially at fair value.

Derecognition

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

Modifications of financial assets and financial liabilities

Financial assets

If the terms of the financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount adjusting the gross carrying amount as modification gain or loss in the statement of profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Summary of significant accounting policies (continue)

viii) Financial instruments (continue)

Modifications of financial assets and financial liabilities *(continue)*

Financial liability

The Group derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognise at fair value. The difference between the carrying amount of the financial liability distinguished and the new financial liability with modified terms is recognised in the statement of profit or loss.

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 Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and short term Murabaha with a maturity of three months year or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash cash at banks and short term Murabaha, as defined above, net of outstanding bank overdrafts (if any) as they are considered an integral part of the Group's cash management.

ix) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a year of time in exchange for consideration.

(a) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Summary of significant accounting policies (continue)

ix) Leases (continue)

Lease liabilities (continue)

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

(b) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the year in which they are earned.

x) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of comprehensive income reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of comprehensive income outside operating profit and represents profit or loss after Zakat.

The financial statements of the associate are prepared for the same reporting year as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Summary of significant accounting policies (continue)

x) Investments in associates (continue)

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss within "Share in results of associates" in profit or loss.

xi) Inventories

Inventories are stated at the lower of cost and net realizable value. The cost is determined on a weighted average cost method. The cost includes the expenditures incurred in the acquisition of inventory and the expenditures incurred to deliver the inventory to the related place and current status. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

xii) Dividends distribution

The Group establishes the obligations related to paying the cash dividends to the Group's shareholders when approving the distribution. According to the Regulations for Companies, dividends are approved upon approval by the Shareholders at the Annual General Assembly or based on the delegation from the General Assembly to the board of directors to distribute interim dividends. The corresponding amount is directly recognized in equity.

xiii) Employees' benefits

Employee defined benefit liabilities

The Group operates a defined benefit scheme for its employees in accordance with labor regulations applicable in the Kingdom of Saudi Arabia. Employee's end of service benefits provision is calculated annually by actuaries in accordance with the projected unit credit method as per (IAS 19) Employee Benefits. Actuarial gains and losses are recognized in full in the year in which they occur in other comprehensive income. Re-measurements are not reclassified to profit and loss in subsequent years.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date on which the Group recognizes related restructuring costs

Finance charges is calculated by applying the discount rate to the net defined benefit liability. The Group recognizes the following changes in the net defined benefit obligation under 'cost of revenue, 'general and administrative expenses' and 'selling and distribution expenses' in the statement of comprehensive income (by function).

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and

- Net finance charges or income

Other short and long -term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave in the year in which the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Summary of significant accounting policies (continue)

xiii) Employees' benefits (continue)

Early retirement plan

During 2020, the Group adopted new short term employee's early retirement plan, the plan costs are provided for in accordance with the Group`s employee benefit policies which is based mainly on the current salary, years of service and the years of service until the normal retirement age. As the termination benefits are expected to be settled wholly before twelve months after the end of the annual reporting year in which the termination benefit is recognized, the Group applies the requirements for short-term employee benefits. The provision is accounted for once the approval is made by the employee for the plan.

xiv) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

xv) Contingent assets and liabilities

Contingent assets are not recognised in these consolidated financial statements but are disclosed when an inflow of economic benefits is probable. ontingent liabilities are probable obligations arising from past events whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the Group. Financial guarantee given against a loan on behalf of an associate will be recorded in case of liquidation of the associate or whenever there are any indicators of default from the associate.

xvi) Borrowing costs

Borrowing costs that are directly attributed to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial year to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of finance and other costs that an entity incurs in connection with the borrowing of funds.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Summary of significant accounting policies (continue)

***xvi) Borrowing costs** (continue)*

Transaction cost is an upfront fee relating to the arrangements and administrative fees for obtaining of banks borrowings to be used for the Group's capital expenditures. The amounts are deducted from the total facilities upfront. These fees are amortised over the year of the loan agreement, borrowing cost incurred during the year of the construction is capitalised over the capital work on progress, and charged to profit and loss once these assets start its operations.

xvii) Revenue recognition

The Group is in the business of carrying out all work related to the manufacture and marketing of LPG of all kinds and its derivatives and industrial gases. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group satisfies a performance obligation and recognises revenue over time, if the following criteria is met:

a The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

b The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

c The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For the performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised services it creates a contract-based asset on the amount of the consideration earned by the performance. Where the amount consideration received from a customer exceeds the amounts of services recognised, this gives rise to the contract liabilities.

Specific recognition criteria

Specific recognition criteria described below must also be met before revenue is recognised.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in investments income in the statement of profit or loss due to its operating lease.

Revenue from sale of gas, cylinders, tanks and installation services

Revenue from sale of gas, cylinders, tanks and installation services are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods and services at the Group's location. Selected customers are given 30 to 90 days credit terms upon delivery.

In determining the transaction price for the sale of gas, cylinders and tanks and extensions, the Group considers the effects of variable consideration, existence of a significant financing component, noncash consideration, and consideration payable to the customer (if any).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Summary of significant accounting policies (continue)

xvii) Revenue recognition (continue)

Variable consideration

None of the performance obligation is subject to variable consideration.

Significant financing component

The Group applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

Installation services

The Group provides installation services that are either sold separately or bundled together with the sale of tanks to a customer. The installation services do not significantly customise or modify the gas tanks.

Contracts for bundled sales of tank and installation services are comprised of two performance obligations because the tank and installation services are both sold on a stand-alone basis and are distinct within the context of the contract. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the tank and installation services.

Installation services are performed over a short period of time and there is no material impact between recognising the revenue from those services at a point in time or over time, the Group recognises revenue from installation services as the point of time i.e. in the accounting period when the service is rendered.

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.

Accounts receivable

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is recognised if a payment is received from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

xviii) Zakat and tax

Zakat

The Group is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Provision for zakat for the Group is charged to the statement of profit or loss. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Summary of significant accounting policies (continue)

xviii) Zakat and tax (continued)

Withholding taxes

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

Value added tax "VAT"

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value of added tax incurred on a purchase of assets or services is not recoverable from the ZATCA, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and

- When receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the ZATCA is included as part of receivables or payables in the statement of financial position.

xix) Foreign currencies

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at these consolidated financial statements reporting date for the Group. All differences arising on settlement or translation of monetary items are taken to the statement of comprehensive income

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently Restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or statement of comprehensive income, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

xx) Selling and distribution, general and administrative expenses

Selling and distribution, general and administrative expenses include direct and indirect costs not specifically part of cost of revenues. Allocations between cost of revenues and selling and distribution, general and administrative expenses, when required, are made on a consistent basis.

xxi) Income from Islamic financing contracts

Income from Islamic financing contracts (Sukuk and Murabaha) measured at amortised cost is recognized in profit or loss using the effective yield method, by applying the Effective Profit Rate ("EPR"), on the outstanding balance over the term of the contract.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Summary of significant accounting policies (continue)

xxi) Income from Islamic financing contracts (continue)

The effective profit rate is the rate that exactly discounts estimated future cash receipts through the expected life of the investment in Islamic financing contracts to their gross carrying amounts.

The calculation of EPR includes transaction costs and processing fees income received that represent an integral part of the EPR. Transaction costs include incremental costs that are directly attributable to the acquisition of the financial assets, such as costs pertaining to evaluation of customers' credit worthiness, sales commission etc. Processing fees is charged in respect of processing of Islamic financing contracts.

3 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 2022:

- COVID-19-Related Rent Concessions Amendment to IFRS 16 issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020, and
- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021).

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

4 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 on or after 1 January 2023 or later, and which the Group has not early adopted. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1. IFRS 17 "Insurance Contracts"(issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).
2. Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
3. Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
4. Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
5. Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).
6. Transition option to insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).
7. 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).
8. 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).

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management (Note 35);
- Financial instruments risk management and policies (Note 35); and
- Sensitivity analyses disclosures (Note 35).

a) Judgements

In the process of applying Group's accounting policies, management has made the following judgement, which have the most significant effect on the amounts recognised in consolidated financial statements.

Determining the lease term of contracts with renewal and termination options – Group as lessee

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or years after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).
Lease contracts for land are over a period of around 99 years. For machines, management has considered their estimated useful lives in assessing whether it is reasonably certain or not to exercise the extension option.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses of accounts receivable

The Group uses a provision matrix to calculate ECLs for accounts receivable. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type and customer type). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in specific sector, the historical default rates are adjusted. 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. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

b) Estimates and assumptions (continued)

Fair valuation of investment properties

The Group carries its investment properties at cost less accumulated depreciation and impairment. For investment properties, a valuation methodology based on comparable market data was used, the Group revalue the property by relevance to transaction involving the properties of similar nature location and conditions. The Group engaged an independent valuation specialist to assess the fair values as at 31 December 2022 (Note 9).

Impairment of inventories

Inventories are measured at lower of cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of necessary to make the sale. Adjustments to reduce the cost of inventories to net realizable value, if required, are made at the product level for estimated excess, obsolescence or damages. Factors influencing these adjustments include change in demand, product pricing, physical deterioration and quality issues.

Actuarial estimate

Provision for employees' end of service benefits is made in accordance with the projected unit credit method as per IAS 19 taking into consideration the labor law of the respective country in which the Group operates. The provision is recognized based on the present value of the defined benefit liabilities. The present value of the defined benefit liabilities is calculated using assumptions on the average annual rate of increase in salaries, average year of employment and an appropriate discount rate. The assumptions used are calculated on a consistent basis for each year and reflect management's best estimate. The discount rates are set in line with the best available estimate of market yields currently available at the reporting date with reference Saudi Arabia interest rate swap curve or other basis, if applicable.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the Discounted Cash Flow (DCF) model and market method. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group 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 IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Zakat

As disclosed in note 23, the Group has open assessments for Zakat for number of years. Management estimates the final amounts to be paid based on independent expert advice in addition to previous experience and adjusts the provision held accordingly.

6 GROUP INFORMATION

The Company established a 100% owned subsidiary under the name of Gas Solutions Company on 9th March 2021 with an initial share capital of SR 5,000,000. The subsidiary is specialized in establishing, building and maintenance of liquefied petroleum gas (LPG) networks and tanks, developing LPG products and solutions. The subsidiary started its operation during the second quarter of 2021. Following are the key financial items in the subsidiary's financial statements:

Summarized statements of financial positions as at 31 December:

	2022 SR	2021 SR
Current assets	**29,643,592**	5,669,666
Non-current assets	**2,886,839**	1,554,365
Current liabilities	**16,830,129**	2,792,830
Non-current liabilities	**166,000**	75,404
Equity	**15,534,302**	4,355,797

Summarized statements of comprehensive income for the year ended 31 December:

	2022 SR	2021 SR
Revenue	**48,317,465**	2,975,659
Gross profit	**18,880,350**	1,636,089
Profit/(loss) before Zakat	**11,840,340**	(582,358)
Zakat expense	**(650,000)**	(61,845)
Profit/(loss) after Zakat	**11,190,340**	(644,203)
Other comprehensive loss	**(11,835)**	-
Total comprehensive income/(loss)	**11,178,505**	(644,203)

7 PROPERTY, PLANT AND EQUIPMENT

	Land * SR	Buildings SR	Motor vehicles and trucks SR	Machines and equipment SR	Furniture and fixtures SR	Devices and equipment SR	Cages SR	Tools and equipment SR	Capital work in progress ** SR	Total SR
Cost:										
At 1 January 2022 *(Restated note 39)*	25,663,183	474,209,281	582,359,490	633,647,001	17,468,097	26,793,002	98,966,144	5,999,457	191,939,513	**2,057,045,168**
Additions	-	7,247,828	24,922,145	15,208,475	566,764	3,691,716	-	399,956	117,707,699	**169,744,583**
Transfers	-	28,000,699	1,682,850	17,442,383	386,000	66,215	-	-	(47,578,147)	**-**
Disposals	-	(7,176,017)	(115,997,062)	(22,920,931)	(1,629,807)	(256,268)	(1,361,914)	(937,849)	-	**(150,279,848)**
At 31 December 2022	**25,663,183**	**502,281,791**	**492,967,423**	**643,376,928**	**16,791,054**	**30,294,665**	**97,604,230**	**5,461,564**	**262,069,065**	**2,076,509,903**
Accumulated depreciation:										
At 1 January 2022	-	327,105,907	458,144,067	426,563,424	10,860,076	19,984,807	92,581,358	4,260,319	-	**1,339,499,958**
Charge for the year	-	15,076,634	38,171,208	37,411,059	1,125,553	2,389,983	3,417,411	325,379	-	**97,917,227**
Disposals	-	(6,142,912)	(115,881,501)	(22,079,550)	(1,622,260)	(197,387)	(1,361,911)	(928,964)	-	**(148,214,485)**
At 31 December 2022	**-**	**336,039,629**	**380,433,774**	**441,894,933**	**10,363,369**	**22,177,403**	**94,636,858**	**3,656,734**	**-**	**1,289,202,700**
Net book value:										
At 31 December 2022	**25,663,183**	**166,242,162**	**112,533,649**	**201,481,995**	**6,427,685**	**8,117,262**	**2,967,372**	**1,804,830**	**262,069,065**	**787,307,203**

* Land includes two plots of land with value of SR 2.7 million (2021: SR 2.7 million) are pledged to the Saudi Industrial Development Fund (SIDF) and the process of pledging the remaining five lands as per terms of the loan is in process (Note 20).

** Capital work in progress mainly represents projects to develop the Group's stations and its capacity and the development of the production lines in accordance with the Group's needs and the public safety standards.

7 PROPERTY, PLANT AND EQUIPMENT (continued)

	Land SR	Buildings SR	Motor vehicles and trucks SR	Machines and equipment SR	Furniture and fixtures SR	Devices and equipment SR	Cages SR	Tools and equipment SR	Capital work in progress SR	Total SR
Cost:										
At 1 January 2021 *(Restated note 39)*	24,834,454	459,253,619	524,716,264	555,261,536	16,037,214	22,673,992	98,158,303	5,720,929	191,682,820	1,898,339,131
Additions *(Restated note 39)*	828,729	8,654,851	59,126,169	27,882,210	1,470,153	4,014,474	807,841	350,172	64,984,916	168,119,515
Transfers	-	13,805,354	-	50,723,195	-	199,674	-	-	(64,728,223)	-
Disposals	-	(7,504,543)	(1,482,943)	(219,940)	(39,270)	(95,138)	-	(71,644)	-	(9,413,478)
At 31 December 2021 *(Restated note 39)*	25,663,183	474,209,281	582,359,490	633,647,001	17,468,097	26,793,002	98,966,144	5,999,457	191,939,513	2,057,045,168
Accumulated depreciation:										
At 1 January 2021	-	320,737,346	429,292,625	393,764,353	9,931,082	17,414,320	89,195,191	4,033,886	-	1,264,368,803
Charge for the year	-	13,873,104	29,975,004	33,019,007	967,092	2,596,545	3,386,167	295,874	-	84,112,793
Disposals	-	(7,504,543)	(1,123,562)	(219,936)	(38,098)	(26,058)	-	(69,441)	-	(8,981,638)
At 31 December 2021	-	327,105,907	458,144,067	426,563,424	10,860,076	19,984,807	92,581,358	4,260,319	-	1,339,499,958
Net book value:										
At 31 December 2021 *(Restated note 39)*	25,663,183	147,103,374	124,215,423	207,083,577	6,608,021	6,808,195	6,384,786	1,739,138	191,939,513	717,545,210
At 31 December 2020 *(Restated note 39)*	24,834,454	138,516,273	95,423,639	161,497,183	6,106,132	5,259,672	8,963,112	1,687,043	191,682,820	633,970,328

7 PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation charge for the years ended 31 December was allocated as follows:

	2022 SR	2021 SR
Cost of revenues (Note 25)	**84,169,214**	71,627,235
Selling and distribution expenses (Note 26)	**10,565,624**	9,742,983
General and administrative expenses (Note 27)	**3,182,389**	2,742,575
	97,917,227	84,112,793

8 INTANGIBLE ASSETS

2022	**Software SR**	**Projects in progress SR**	**Total SR**
Cost			
At 1 January *(Restated Note 39)*	**50,343,618**	**2,617,159**	**52,960,777**
Additions	**153,585**	**15,633,206**	**15,786,791**
At 31 December	**50,497,203**	**18,250,365**	**68,747,568**
Accumulated amortization			
1 January	**21,041,658**	**-**	**21,041,658**
Charge for the year	**11,227,110**	**-**	**11,227,110**
31 December	**32,268,768**	**-**	**32,268,768**
Net book value			
At 31 December 2022	**18,228,435**	**18,250,365**	**36,478,800**

2021	**Software SR**	**Projects in progress SR**	**Total SR**
Cost			
At 1 January *(Restated Note 39)*	41,174,561	3,415,556	44,590,117
Additions *(Restated Note 39)*	6,006,501	2,364,159	8,370,660
Transfer	3,162,556	(3,162,556)	-
At 31 December *(Restated Note 39)*	50,343,618	2,617,159	52,960,777
Accumulated amortization			
1 January	11,442,082	-	11,442,082
Charge for the year	9,599,576	-	9,599,576
31 December	21,041,658	-	21,041,658
Net book value			
At 31 December 2021 *(Restated Note 39)*	29,301,960	2,617,159	31,919,119
At 31 December 2020 *(Restated Note 39)*	29,732,479	3,415,556	33,148,035

a) As at 31 December 2022, projects in progress amounting to SR 18.3 million (2021: SR 2.6 million) represent the expenditure on software. The projects are expected to be completed in the year 2023.

b) Amortization charged for the year was allocated as follows:

	2022 SR	2021 SR
Cost of revenues (Note 25)	**4,820,799**	4,312,332
Selling and distribution expenses (Note 26)	**3,347,840**	3,024,219
General and administrative expenses (Note 27)	**3,058,471**	2,263,025
	11,227,110	9,599,576

9 INVESTMENT PROPERTIES

Investment properties represent land and buildings, some of which are leased to external parties on an operating lease contract, and they comprise of the following:

	Land SR	**Buildings SR**	**Total SR**
Cost:			
At the beginning of the year	**34,494,172**	**13,676,164**	**48,170,336**
Disposals*	**(900,000)**	**-**	**(900,000)**
At the end of the year	**33,594,172**	**13,676,164**	**47,270,336**
Accumulated depreciation and impairment:			
At the beginning of the year	**152,001**	**13,676,161**	**13,828,162**
At the end of the year	**152,001**	**13,676,161**	**13,828,162**
Net book value			
At 31 December 2022	**33,442,171**	**3**	**33,442,174**
At 31 December 2021	34,342,171	3	34,342,174

On 10 June 2018, the Group signed a contract to lease one plot of land owned by the Group. The total lease value of the contract amounts to SR 242.5 million for 20 years, in addition to a grace period of 27 months. On 29 May 2019, the Group finalized all legal formalities related to the contract, as such, the contract was effective starting on that date. During the year ended 31 December 2022, the Group recognized SR 10,712,757 (2021: SR 11,279,069, 2020: SR 11,279,069) as income from the land lease. The total income from the investment properties leases amounted to SR 12,952,648 (2021: SR 13,730,772) (Note 28).

* Disposals for the year ended 31 December 2022 included a net book value amount of SR 900,000 which pertained to a land, that had to be abandoned by the Group since it was required as part of Government's development plan. Although, the Group is expected to be compensated for this land, however, the related amount could not be reliably estimated at 31 December 2022.

The impairment charge of investment properties in 2022 amounted to Nil (2021: SR 11,000).

Fair value measurement for the Group's Investment properties

The valuation for investment properties which has been performed by a real estate valuer, Barcode Company for assets valuation (License number 1210000001) accredited by the Saudi Authority for Accredited Valuers (TAQEEM) by using accredited valuation techniques such as Market Method (Comparison Approach), amounted to SR 326 million (2021: SR 266 million, 2020: SR 265 million). The fair value was allocated between the buildings and the land as follows:

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
Lands	**324,136,116**	263,800,000	262,900,000
Buildings	**2,239,583**	2,200,000	2,100,000
	326,375,699	266,000,000	265,000,000

9 INVESTMENT PROPERTIES (continued)

Description of significant observable inputs to valuation

The significant unobservable inputs used in the fair value measurements of investment properties categorised within Level 3 of the fair value hierarchy as at 31 December 2022, 31 December 2021 are as follows:

Investment property	Valuation technique	Significant unobservable inputs	Description of valuation technique
Land	Market Method	Price by square meter	Using this method, the market survey is done by valuer for similar land plots founded in the surrounding area and similar to targeted land by area size and in the same district. An increase in the price per square meter would increase the fair value.

Sensitivity analysis

Description	Fair value at 31 December 2022 SR	2021 SR	Unobservable inputs	Range of inputs 2022	2021	Sensitivity
Land	**324,136,116**	263,800,000	Price by square meter	SR 100 to SR 20,000	SR 89 to SR 13,110	Change by +/-1% will change FV increase/decrease by SR 3.2 million (2021: SR 2.6 million).

10 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Group as a lessee

The Group has lease contracts for various of plots of lands. 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 lands. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of machinery 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.

10.1 Right-of-use assets

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

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
1 January	**1,494,980**	3,401,454	5,461,481
Additions during the year	**24,157,538**	-	-
Depreciation charge for the year	**(5,929,340)**	(1,906,474)	(2,060,027)
31 December	**19,723,178**	1,494,980	3,401,454

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

10.2 Lease liabilities

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

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
1 January	**2,440,820**	4,550,830	6,969,509
Additions during the year	**24,157,538**	-	-
Paid during the year	**(3,832,396)**	(478,500)	(2,757,299)
Finance costs for the year (Note 29)	**802,958**	201,260	338,620
Transfer to trade payables*	**(3,361,195)**	(1,832,770)	-
31 December	**20,207,725**	2,440,820	4,550,830
Current portion	**5,250,910**	1,781,367	2,308,953
Non-current portion	**14,956,815**	659,453	2,241,877

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

The following are the amounts recognized in profit or loss:

	2022 SR	2021 SR
Depreciation expense of right-of-use assets (Note 25)	**5,930,979**	1,906,474
Finance costs on lease liabilities (Note 29)	**802,958**	201,260
Expense relating to short-term leases	**676,871**	821,296
Total amount recognized in profit or loss	**7,410,808**	2,929,030

The maturity analysis of the undiscounted cash flows in respect of lease liability is disclosed in note 35.

The Group had total cash outflows for leases of SR 4,475,951 in 2022 (2021: SR 1,299,796).

The below is the undiscounted lease payments schedule:

	2022 SR	2021 SR
Within the next 12 months	**5,250,910**	1,781,367
Between 2 and 5 years	**12,908,655**	170,680
Beyond 5 years	**2,048,160**	488,773
	20,207,725	2,440,820

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

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

10.2 Lease liabilities (continued)

Group as a lessor

The Group has entered into operating leases on lands. These are long term leases. Rental income recognized by the Group during the year is SR 12,952,648 (2021: SR 13,730,772).

The below is the undiscounted lease payments schedule:	**2022 SR**	2021 SR
Within the next 12 months	**10,270,000**	10,900,000
Year 2	**10,015,000**	10,015,000
Year 3	**9,515,000**	9,515,000
Year 4	**13,195,000**	9,515,000
5 years and above	**195,875,000**	205,070,000
	238,870,000	245,015,000

11 INVESTMENTS IN ASSOCIATES

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
Saudi Gas Cylinder Factory Company	**35,979,005**	38,602,581	30,587,628
Natural Gas Distribution Company	**19,966,262**	19,804,311	19,700,076
East Gas Company	**33,814,508**	29,491,639	29,982,330
	89,759,775	87,898,531	80,270,034

Movement of investments in associates is as follows:

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
At the beginning of the year	**87,898,531**	80,270,034	79,289,237
Share of results of associates	**2,875,224**	13,430,069	6,516,288
Prior year adjustment	**(138,980)**	(26,572)	-
Dividends received	**(875,000)**	(5,775,000)	(5,535,491)
At the end of the year	**89,759,775**	87,898,531	80,270,034

Share of results of associates comprise the following:

	2022 SR	2021 SR
Saudi Gas Cylinders Factory Company	**(2,623,576)**	8,041,525
Natural Gas Distribution Company	**1,175,931**	979,235
East Gas Company	**4,322,869**	4,409,309
	2,875,224	13,430,069

Dividend received from associates comprise the following:

	2022 SR	**2021 SR**
Natural Gas Distribution Company	**875,000**	875,000
East Gas Company	**-**	4,900,000
	875,000	5,775,000

11 INVESTMENTS IN ASSOCIATES (continued)

Saudi Gas Cylinders Factory Company

Saudi Gas Cylinders Factory Company is a saudi closed joint stock Company registered in Riyadh, Kingdom of Saudi Arabia. The principal activities are to undertakes the manufacturing of gas cylinders, tanks and dry powder fire extinguishers. Below is summarized financial information representing interest in Saudi Gas Cylinders Factory Company:

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
Non-current assets	**40,244,892**	44,315,169	35,251,721
Current assets	**90,555,147**	81,253,635	69,135,484
Non-current labilities	**9,776,091**	9,767,352	9,752,914
Current labilities	**25,245,950**	13,039,358	13,208,421
Equity	**95,777,999**	102,762,094	81,425,870

	2022 SR	2021 SR	2020 SR
Revenue	**51,455,785**	111,768,627	57,820,392
Gross profit	**4,297,360**	23,891,168	6,209,918
Zakat expense	**1,544,348**	2,281,079	1,318,578
Net (loss)/profit for the year	**(3,744,564)**	13,602,709	703,926
Other comprehensive (loss)/ income	**(3,239,533)**	7,804,252	(249,285)
Group's share of total comprehensive (loss)/income for the year	**(2,623,576)**	8,041,525	170,786

Reconciliation of the above summarized financial information to the carrying amount of the interest in associate recognized in these consolidated financial statements is presented below:

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
Net assets of the associate	**95,777,999**	102,762,094	81,425,870
Proportion of the Group's ownership interest	**37.565%**	37.565%	37.565%
Carrying amount of the Group's interest	**35,979,005**	38,602,581	30,587,628

Natural Gas Distribution Company

Natural Gas Distribution Company is a Joint stock Company registered in Riyadh, Kingdom of Saudi Arabia. The principal activities comprise purchasing of natural gas from Saudi Aramco and establishing a distribution network to deliver the gas to current and future industries in the Second Industrial City of Riyadh. The Group operates and maintains the gas pipeline distribution network to customers. Below is summarized financial information represents interest in Natural Gas Distribution Company:

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
Non-current assets	**63,643,934**	59,157,691	56,801,728
Current assets	**22,700,662**	20,173,513	19,727,619
Non-current labilities	**5,545,952**	9,997,999	7,447,291
Current liabilities	**23,752,180**	12,749,462	12,796,126
Equity	**57,046,464**	56,583,743	56,285,930

11 INVESTMENTS IN ASSOCIATES (continued)

Natural Gas Distribution Company (continued)

	2022 SR	2021 SR	2020 SR
Revenue	**91,004,756**	89,591,285	89,250,430
Gross profit	**7,967,168**	8,801,120	7,036,399
Zakat expense	**306,996**	317,313	221,337
Net profit for the year	**3,353,473**	2,878,434	4,423,662
Other comprehensive income/(loss)	**6,330**	(80,621)	147,899
Group's share of total comprehensive income for the year	**1,175,931**	979,235	1,600,046

Reconciliation of the above summarized financial information to the carrying amount of the interest in associate recognized in these consolidated financial statements is presented below:

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
Net assets of the associate	**57,046,464**	56,583,743	56,285,930
Proportion of the Group's ownership interest	**35%**	35%	35%
Carrying amount of the Group's interest	**19,966,262**	19,804,311	19,700,076

The fair value of the investment in the Company amounted to SR 101.5 million (2021: not traded), which was valued as at 31 December 2022 as per the share price in the capital market at the end of the reporting period.

East Gas Company

East Gas Company is a Saudi Closed Joint Stock Company registered in Dammam, Kingdom of Saudi Arabia The principal activities is operating and maintaining industrial facilities, developing, owning, and maintaining gas pipeline distribution network in the Second Industrial City of Dammam, procuring natural gas from Saudi Aramco or any other suppliers, wholesale trading of gas related tools and equipment, supply of natural gas in the Second Industrial City of Dammam and the operations and maintenance of the Gas Transfer Counter Facility. Below is summarized financial information represents interest in East Gas Company:

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
Non-current assets	**64,694,153**	67,126,042	64,762,958
Current assets	**51,863,352**	34,690,975	35,591,521
Non-current labilities	**2,448,993**	2,471,444	1,333,879
Current liabilities	**17,495,632**	15,083,746	13,356,799
Equity	**96,612,880**	84,261,827	85,663,801

11 INVESTMENTS IN ASSOCIATES (continued)

East Gas Company (continued)

	2022 SR	2021 SR	2021 SR
Revenue	**100,534,147**	96,131,251	88,746,139
Gross profit	**20,013,657**	18,159,349	18,416,722
Zakat expense	**873,842**	560,599	599,545
Net profit for the year	**12,358,229**	12,854,484	13,574,239
Other comprehensive loss	**(7,176)**	(256,458)	(15,793)
Group's share of total comprehensive income for the year	**4,322,869**	4,409,309	4,745,456

Reconciliation of the above summarized financial information to the carrying amount of the interest in associate recognized in these consolidated financial statements is presented below:

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
Net assets of the associate	**96,612,880**	84,261,827	85,663,801
Proportion of the Group's ownership interest	**35%**	35%	35%
Carrying amount of the Group's interest	**33,814,508**	29,491,639	29,982,330

12 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

12.1 FINANCIAL ASSETS

	31 December 2022 SR	31 December 2021 (Restated Note 39) SR	1 January 2021 (Restated Note 39) SR
Financial assets at fair value through other comprehensive income (A)	**654,995,718**	701,835,418	678,073,411
Financial assets at fair value through profit or loss (B)	**132,356,596**	199,154,133	179,498,455
Financial assets held at amortized cost (C)	**214,016,184**	247,567,034	129,995,163
	1,001,368,498	1,148,556,585	987,567,029

A Financial assets at fair value through other comprehensive income

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

	31 December 2022 SR	31 December 2021 (Restated Note 39) SR	1 January 2021 (Restated Note 39) SR
Investment in equity instruments – unquoted (notes a, b and c)	**591,682,552**	638,056,767	614,297,265
Closed REITs	**44,295,900**	44,190,000	44,574,238
Investments in equity instruments – quoted	**15,660,563**	15,877,910	16,524,806
Public traded REITs	**3,356,703**	3,710,741	2,677,102
	654,995,718	701,835,418	678,073,411

12 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

12.1 FINANCIAL ASSETS (continued)

A Financial assets at fair value through other comprehensive income (continued)

a) The above investments in equity instruments which are unquoted have been evaluated by management through an independent expert valuer from the Saudi Authority for Valuers "TAQEEM" Value Hub for Business Valuation & Partner Co for the economic entities' evaluation, who issued a report on the valuation of investments in the National Industrial Gases Company and Arabian United Floating Glass Company as of 31 December 2022, using the similar companies' method (Market Method) and the discounted cash flow method (Income Method), respectively.

b) During 2022, the General Assembly of National Industrial Gases Company, approved distribution of dividends to the partners amounting to SR 750 million (31 December 2021: SR 925 million). The Group's share is 9%, equivalent to SR 67.50 million (31 December 2021: SR 83.25 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 at 31 December 2022, 31 December 2021 and 1 January 2021 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.

12 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

12.1 FINANCIAL ASSETS (continued)

A Financial assets at fair value through other comprehensive income (continued)

Sensitivity analysis

Description	Fair value at 31 December 2022	2021	Unobservable inputs	Range of inputs 2022	2021	Sensitivity
National Industrial Gases Company	**523,724,000**	579,800,000	EV/EBITDA	10.55%	9.87%	Change by +/-1% will change FV increase/decrease by SR 6 million (2021: SR 6 million).
			Discount factor	10%	10%	Change by +/-1% will change FV decrease/increase by SR 6.6 million (2021: SR 6.7 million).
Arabian United Floating Glass Company	**67,958,552**	58,256,767	WACC	11.8%	12%	Change by +/-1% will change FV by SR decrease 7.8 million / increase 9.6 million (2021: SR decrease 7.1 million / increase 8.7 million).
			Growth rate	2%	2%	Change by +/-1% will change FV by SR increase 7.6 million / decrease 6.1 million (2021: SR increase 6.9 million / decrease 5.7 million).
	591,682,552	638,056,767				

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

12 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

12.1 FINANCIAL ASSETS (continued)

A Financial assets at fair value through other comprehensive income (continued)

The movement in investments in equity instruments held at fair value through other comprehensive is as follows:

	31 December 2022 SR	31 December 2021 (Restated Note 39) SR	1 January 2021 (Restated Note 39) SR
1 January	**701,835,418**	678,073,411	787,538,171
Additions during the year	**-**	-	1,001,783
Changes in fair value	**(46,839,699)**	23,762,007	(110,466,543)
31 December	**654,995,718**	701,835,418	678,073,411

The movement in unrealized gain from financial assets held at fair value through other comprehensive income is as follows:

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
1 January	**510,971,023**	487,209,016	597,675,559
Change in fair value	**(46,839,699)**	23,762,007	(110,466,543)
31 December	**464,131,324**	510,971,023	487,209,016

B Financial assets at fair value through profit or loss

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

	31 December 2022 SR	31 December 2021 (Restated Note 39) SR	1 January 2021 (Restated Note 39) SR
Portfolio of traded securities	**93,328,074**	95,247,213	70,035,912
Fixed income debt instruments	**12,542,317**	77,922,326	78,785,989
Jadwa Saudi Riyal Murabaha Fund	**26,486,205**	25,984,594	30,676,554
	132,356,596	199,154,133	179,498,455

The above represents financial assets held for trading.

The movement in carrying amount were as follows:

	31 December 2022 SR	31 December 2021 (Restated Note 39) SR	1 January 2021 (Restated Note 39) SR
1 January	**199,154,133**	179,498,455	169,114,562
Additions during the year	**-**	962,973	-
Disposals during the year	**(62,861,652)**	(5,000,000)	-
Changes in fair value	**(3,935,885)**	23,692,705	10,383,893
31 December	**132,356,596**	199,154,133	179,498,455

12 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

12.1 FINANCIAL ASSETS (continued)

C Financial assets held at amortized cost

Financial assets held at amortized cost comprises the following:

	31 December 2022 SR	31 December 2021 (Restated Note 39) SR	1 January 2021 (Restated Note 39) SR
Investments at amortized cost			
Sukuk (note a)	**175,016,184**	130,000,000	129,995,163
Murabaha fund (note b)	**39,000,000**	116,500,000	-
	214,016,184	246,500,000	129,995,163
Less: Murabaha fund - current	**(30,000,000)**	(101,067,034)	-
	184,016,184	145,432,966	129,995,163
Other financial assets at amortized cost			
Accounts receivable (note 14)	**30,774,861**	31,149,091	45,481,461
Cash and cash equivalents (note 16)	**175,851,736**	63,368,449	277,111,158
	206,626,597	94,517,540	322,592,619

a) The above represents investments in Sukuk issued by a local bank in Saudi Arabia with various maturity dates ending 2034.

b) The above represents the investments in two of the local Murabaha funds having a term of 1 and 3 years and having a profit rate of 4.25% and 6.5% per annum respectively.

c) The fair value of the investments at amortized cost amounted to SR 210,457,233 (2021: SR 246,500,000, 2020: SR 129,995,163), which was valued as at 31 December 2022 as per the trading price in the capital market at the end of the reporting period.

12 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

12.2 FINANCIAL LIABILITIES

Financial liabilities held at amortized cost

	Effective Interest rate	*Maturity*	**2022 SR**	2021 (Restated Note 39) SR	2020 (Restated Note 39) SR
Current interest free liabilities					
Trade payables	*Interest free*	*Less than 1 year*	**215,972,941**	133,782,678	111,757,568
Accrued expenses and other current liabilities	*Interest free*	*Less than 1 year*	**153,370,586**	124,966,406	162,688,492
Current interest-bearing liabilities					
Lease liabilities	*5.8%*	*Less than 1 year*	**5,250,910**	1,781,367	2,308,953
Term loan	*Upfront fee + follow-up charges*	*Less than 1 year*	**-**	-	32,000,000
Non-current interest-bearing liabilities					
Lease liabilities	*5.8%*	*More than 1 year*	**14,956,815**	659,453	2,241,877
Term loan	*Upfront fee + follow-up charges*	*2022-2025*	**72,725,235**	112,344,168	143,641,682

Changes in liabilities arising from financing activities:

	1 January 2022 SR	**Cash flows SR**	**Dividend Declared SR**	**Finance cost SR**	**Transfer SR**	**Additions SR**	**31 December 2022 SR**
Dividend payable	**40,497,560**	**(191,860,264)**	**195,000,000**	**-**	**-**	**-**	**43,637,296**
Term loans, net	**112,344,168**	**(43,000,000)**	**-**	**3,381,067**	**-**	**-**	**72,725,235**
Lease liabilities	**2,440,820**	**(3,832,396)**	**-**	**802,958**	**(3,361,195)**	**24,157,538**	**20,207,725**
Total	**155,282,548**	**(238,692,660)**	**195,000,000**	**4,184,025**	**(3,361,195)**	**24,157,538**	**136,570,256**

	1 January 2021 SR	Cash flows SR	Dividend Declared SR	Finance cost SR	Transfer SR	31 December 2021 SR
Dividend payable	39,161,121	(92,413,565)	93,750,003	-	-	40,497,560
Term loans, net	175,641,682	(69,000,000)	-	5,702,486	-	112,344,168
Lease liabilities	4,550,830	(478,500)	-	201,260	(1,832,770)	2,440,820
Total	219,353,633	(161,892,065)	93,750,003	5,903,746	(1,832,770)	155,282,547

13 INVENTORIES

	31 December 2022 SR	31 December 2021 (Restated Note 39) SR	1 January 2021 (Restated Note 39) SR
Gas	**24,715,800**	23,980,459	22,900,392
Gas cylinders	**80,481,376**	94,880,078	92,661,506
Tanks	**5,647,451**	7,589,851	8,617,019
Spare parts and other materials	**87,610,627**	67,462,620	66,550,750
	198,455,254	193,913,008	190,729,667
Provision for slow moving and obsolete items	**(33,251,235)**	(30,214,926)	(30,214,926)
Provision for replacing cylinders and others	**(1,811,054)**	(1,652,013)	(2,766,109)
	163,392,965	162,046,069	157,748,632

a) The cost of revenues in the statement of comprehensive income for the year ended 31 December 2022 includes an inventory cost amounted to SR 1,402,909,593 (2021: SR 1,268,155,690, 2020: SR 1,314,499,279).

b) The movement in provision for slow moving and obsolete inventories during the year is as follows:

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
At the beginning of the year	**30,214,926**	30,214,926	31,680,057
Charge for the year	**3,036,309**	-	-
Reversal	-	-	(1,465,131)
At the end of the year	**33,251,235**	30,214,926	30,214,926

c) The movement in provision for cylinders replacement and others during the year is as follows:

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
1 January	**1,652,013**	2,766,109	8,187,512
Charge for the year (note 25)	**2,930,479**	978,443	6,041,144
Reversal (note 25)	**-**	-	(1,472,072)
Write off	**(2,771,438)**	(2,092,539)	(9,990,475)
31 December	**1,811,054**	1,652,013	2,766,109

14 ACCOUNTS RECEIVABLE

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
Trade receivables	**34,089,837**	41,432,193	51,618,322
Non-trade receivables	**3,455,839**	4,500,647	9,984,873
	37,545,676	45,932,840	61,603,195
Provision for expected credit loss	**(6,770,815)**	(14,783,749)	(16,121,734)
	30,774,861	31,149,091	45,481,461

The incorporation of a subsidiary resulted an increase in accounts receivable by SR 3,775,803 in 2022 (2021: SR 1,219,143, 2020: Nil).

14 ACCOUNTS RECEIVABLE (continued)

Terms and conditions of the above financial assets:

Accounts receivable are non-interest bearing and are generally on terms of 15 days from the end of the month. The Group obtained collateral over certain receivables amounted to SR 23,123,355 (2021: SR 17,783,499).

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

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
1 January	**14,783,749**	16,121,734	14,013,311
Charge for the year	**333,019**	-	2,108,423
Write off during the year	**(3,752,528)**	-	-
Reversal	**(4,593,425)**	(1,337,985)	-
31 December	**6,770,815**	14,783,749	16,121,734

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime expected credit losses ("ECL"). The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

b) Accounts receivable account compromise into three categories which are as follows:

a) Trading Customers
b) Non-Trading Customers
c) Governmental Customers

Below is the summary of each type accounts receivables balance and the expected credit loss amount:

	Trading Customers	**Non-Trading Customers**	**Governmental Customers**	**Total SR**
2022				
Accounts receivable	**27,972,388**	**3,455,839**	**6,117,449**	**37,545,676**
Expected credit loss	**(5,083,041)**	**(1,541,131)**	**(146,643)**	**(6,770,815)**
	22,889,347	**1,914,708**	**5,970,806**	**30,774,861**
2021				
Accounts receivable	35,900,534	4,500,647	5,531,659	45,932,840
Expected credit loss	(11,834,248)	(2,759,829)	(189,672)	(14,783,749)
	24,066,286	1,740,818	5,341,987	31,149,091

The aging analysis of each type of accounts receivable is as follows:

		Days past due				
	Not past due SR	**1-90 day SR**	**91-180 day SR**	**181-365 day SR**	**Above 365 day SR**	**Total SR**
At 31 December 2022						
Trading Customers	**11,320,795**	**6,504,040**	**2,355,814**	**1,087,041**	**6,704,698**	**27,972,388**
Expected loss rate % (rounded)	**0.8%**	**6%**	**14%**	**48%**	**56%**	
Expected credit loss	**94,082**	**372,385**	**330,404**	**526,169**	**3,760,001**	**5,083,041**
At 31 December 2021						
Trading Customers	15,713,112	3,654,055	3,449,550	4,867,757	8,216,060	35,900,534
Expected loss rate % (rounded)	0.23%	12%	11%	61%	97%	
Expected credit loss	35,446	445,516	381,393	2,972,923	7,998,970	11,834,248

14 ACCOUNTS RECEIVABLE (continued)

Terms and conditions of the above financial assets: (continued)

			Days past due			
	Not past due SR	**1-90 day SR**	**91-180 day SR**	**181-365 day SR**	**Above 365 day SR**	**Total SR**
At 31 December 2022						
Non-Trading Customers	**-**	**1,113,754**	**980,208**	**145,713**	**1,216,164**	**3,455,839**
Expected loss rate % (rounded)	**0 %**	**8%**	**17%**	**50%**	**100%**	
Expected credit loss	**-**	**88,927**	**162,617**	**73,424**	**1,216,163**	**1,541,131**
At 31 December 2021						
Non-Trading Customers	48,235	1,713,773	80,844	-	2,657,795	4,500,647
Expected loss rate % (rounded)	0%	5%	10%	0%	100%	
Expected credit loss	1,644	92,187	8,204	-	2,657,794	2,759,829

			Days past due			
	Not past due SR	**1-90 day SR**	**91-180 day SR**	**181-365 day SR**	**Above 365 day SR**	**Total SR**
At 31 December 2022						
Governmental Customers	**1,141,146**	**1,117,726**	**610,155**	**634,264**	**2,614,159**	**6,117,450**
Expected loss rate % (rounded)	**0.06%**	**0.47%**	**1%**	**3%**	**4%**	
Expected credit loss	**733**	**5,283**	**8,662**	**19,091**	**112,874**	**146,643**
At 31 December 2021						
Governmental Customers	995,253	682,203	266,174	688,422	2,899,608	5,531,660
Expected loss rate % (rounded)	0.06%	0.48%	1%	3%	6%	
Expected credit loss	601	3,272	3,712	21,739	160,348	189,672

15 PREPAYMENTS AND OTHER CURRENT ASSETS:

	31 December 2022 SR	31 December 2021 (Restated Note 39) SR	1 January 2021 (Restated Note 39) SR
Accrued rent and Murabaha income	**27,941,704**	22,640,558	11,243,900
Advances to suppliers and contractors	**10,711,081**	5,433,729	5,073,961
Prepaid expenses	**5,884,917**	4,600,636	4,987,051
Value added tax receivable	**7,518,337**	19,799,415	16,344,112
Employees' receivable	**4,035,716**	4,982,480	7,101,459
Insurance claims	**154,984**	187,077	103,981
Others	**4,950,862**	2,019,635	4,223,431
	61,197,601	59,663,530	49,077,895
Provision for expected audit loss on other receivables	**(792,180)**	-	-
	60,405,421	59,663,530	49,077,895

The movement in provision for other receivables is as follows:

	31 December 2022 SR	31 December 2021 (Restated Note 39) SR	1 January 2021 (Restated Note 39) SR
1 January	**-**	-	-
Charge for the year	**792,180**	-	-
31 December	**792,180**	-	-

16 CASH AND CASH EQUIVALENTS

	31 December 2022 SR	31 December 2021 (Restated Note 39) SR	1 January 2021 (Restated Note 39) SR
Bank balances	**175,851,736**	63,368,449	177,111,158
Short-term Murabaha time deposits (note (a) below)	**-**	-	100,000,000
	175,851,736	63,368,449	277,111,158

a) Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn finance income ranging from 1% to 5% per annum.

17 SHARE CAPITAL

As at 31 December 2022, 2021 and 2020, authorized, issued and fully paid capital comprises 75 million shares (31 December 2021: 75 million shares) of SR 10 each.

18 STATUTORY RESERVE

As required by Saudi Arabian Regulations for Companies and Group's articles of association, the Group must set aside 10% of its net profit, the Group may resolve to discontinue such transfer when it has built up a reserve equal to 30% (previously 50%) of the capital. This having been achieved, the Group has resolved to discontinue such transfer. The reserve is not currently available for distribution.

19 OPERATING SEGMENTS

For management purposes, the Group is organised into business units based on its geographical regions within Kingdom of Saudi Arabia, as follows:

2022	**Central region SR**	**Western region SR**	**Eastern region SR**	**Southern region SR**	**Gas Solutions Company SR**	**Eliminations SR**	**Total SR**
Revenues-external	757,409,727	702,848,867	248,463,671	334,667,135	48,317,468	(11,498,270)	**2,080,208,598**
Cost of revenues	(616,854,066)	(588,138,297)	(210,987,373)	(272,765,554)	(29,411,598)	11,498,270	**(1,706,658,618)**
Asset depreciation and amortization	(37,635,272)	(43,001,849)	(14,462,582)	(13,912,964)	(131,671)	-	**(109,144,338)**
Depreciation of right-of-use assets	(1,510,651)	(2,499,547)	(781,450)	(1,139,331)	-	-	**(5,930,979)**
Selling and distribution	(23,840,627)	(20,757,566)	(7,173,610)	(7,504,723)	(3,427,132)	-	**(62,703,658)**
General and administrative	(33,314,300)	(30,111,569)	(10,426,641)	(15,039,671)	(3,173,707)	-	**(92,065,888)**
Provision for expected credit losses	2,067,834	1,115,977	176,427	1,233,187	(333,019)	-	**4,260,406**
Operating income	**46,322,645**	**19,456,016**	**4,808,442**	**25,538,079**	**11,840,341**	**-**	**107,965,523**
Total assets	**836,272,628**	**246,711,148**	**89,011,983**	**73,626,999**	**32,530,434**	**(4,219,028)**	**1,273,934,164**
Total liabilities	**(280,215,236)**	**(123,399,587)**	**(37,481,320)**	**(47,270,710)**	**(16,360,427)**	**4,219,028**	**(500,508,252)**

2021	Central region SR	Western region SR	Eastern region SR	Southern region SR	Gas Solutions Company SR	Eliminations SR	Total SR
Revenues-external	686,860,235	681,613,816	299,728,253	233,929,357	2,975,658	(881,464)	**1,904,225,855**
Cost of revenues	(553,938,251)	(572,395,278)	(244,512,806)	(200,107,597)	(1,339,570)	670,432	**(1,571,623,070)**
Asset depreciation and amortization	(31,807,417)	(41,721,126)	(11,112,858)	(9,057,947)	(13,022)	-	**(93,712,370)**
Depreciation of right-of-use assets	(812,082)	(614,936)	(267,298)	(212,158)	-	-	**(1,906,474)**
Selling and distribution	(29,611,475)	(26,747,631)	(10,246,681)	(8,199,975)	(507,115)	-	**(75,312,877)**
General and administrative	(32,487,504)	(30,997,423)	(13,654,609)	(10,639,963)	(1,698,311)	-	**(89,477,810)**
Provision for expected credit losses	648,585	316,380	318,283	54,737	-	-	**1,337,985**
Operating income	**38,852,091**	**9,453,802**	**20,252,284**	**5,766,454**	**(582,360)**	**(211,032)**	**73,531,239**
Total assets	**642,125,625**	**251,254,954**	**78,835,693**	**89,033,783**	**7,224,032**	**(1,287,639)**	**1,067,186,448**
Total liabilities	**(289,290,940)**	**(70,075,370)**	**(22,529,607)**	**(18,102,999)**	**(2,868,235)**	**1,076,605**	**(401,790,546)**

19 OPERATING SEGMENTS (continued)

The top management 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 operating profit and is measured consistently with operating profit in the consolidated financial statements. Also, the Group's financing 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. No single customer contributed 10% or more to the Group's revenues. Zakat Payable, 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

	2022 **SR**	2021 SR
Segment profit	**107,965,523**	73,531,239
Share in results of associates, net	**2,875,224**	13,430,069
Income from investments, net	**77,354,142**	122,104,677
Finance income from investments at amortised cost	**10,314,430**	7,484,002
Finance charges	**(6,201,009)**	(9,034,136)
Other income, net	**36,805,213**	8,111,776
Impairment of investment properties		(11,000)
Zakat	**(15,050,000)**	(14,252,395)
Profit after zakat	**214,063,523**	201,364,232

Reconciliation of assets

	31 December 2022 **SR**	31 December 2021 (Restated Note 39) SR	1 January 2021 (Restated Note 39) SR
Segment operating assets	**1,273,934,164**	1,067,186,448	1,199,938,963
Investments in associates	**89,759,775**	87,898,531	80,270,034
Financial assets held at fair value through other comprehensive income (FVTOCI)	**654,995,718**	701,835,418	678,073,411
Financial assets held at amortised cost	**214,016,184**	247,567,034	129,995,163
Financial assets held at fair value through profit or loss (FVTPL)	**132,356,596**	199,154,133	179,498,455
Investment properties	**33,442,174**	34,342,174	34,353,174
Total assets	**2,398,504,611**	2,337,983,738	2,302,129,200

Reconciliation of liabilities

	31 December 2022 **SR**	31 December 2021 (Restated Note 39) SR	1 January 2021 (Restated Note 39) SR
Segment operating liabilities	**500,508,252**	401,790,546	435,478,283
Term loan	**72,725,235**	112,344,168	175,641,682
Zakat payable	**90,307,604**	87,695,348	85,759,714
Total liabilities	**663,541,091**	601,830,062	696,879,679

20 TERM LOAN

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
Principal amount at 1 January	**119,000,000**	188,000,000	203,000,000
Less: repayment	**(43,000,000)**	(69,000,000)	(15,000,000)
Principal amount at 31 December	**76,000,000**	119,000,000	188,000,000
Less: Un-amortized portion of transaction cost	**(3,274,765)**	(6,655,832)	(12,358,318)
Net amount	**72,725,235**	112,344,168	175,641,682
Less: current portion	**-**	-	(32,000,000)
The non-current portion	**72,725,235**	112,344,168	143,641,682

On 17 Muharram 1440 H (corresponding to 27 September 2018), the Group signed an agreement to obtain a loan from Saudi Industrial Development Fund (SIDF) amounting to SR 203 million. The loan is for the purpose of developing the filling plants and distribution of gas in all regions with a production capacity of 1,648 thousand tons in all branches of the 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. The agreement also contains undertaking pledges of seven plots of land with a cost of SR 17.6 million; of which the Group has pledged two plots as at the reporting period (Note 7), and the process of pledging the remaining five plots of lands is under process.

During 2020, the Group received the full facility amounting to SR 186.8 million, after deduction upfront fees of SR 16.2 million, according to the facility agreement. The repayment of the financing has been scheduled in ten semi-annual unequal installments starting from 15 Safar 1442H (corresponding to 2 October 2020).

As at 31 December 2022, the Group had available unused credit facilities from local banks amounting to SR 109.6 million (31 December 2021: SR 98.5 million, 31 December 2020: SR 93.3 million).

21 EMPLOYEES DEFINED BENEFITS LIABILITIES

The Group grants employee defined benefit liabilities (“benefit plan”) to its employees taking into consideration the local labor law requirements in the Kingdom of Saudi Arabia. The benefits provided by this benefit plan is a lump sum based on the employees’ final salaries and allowances and their cumulative years of service at the date of termination of employment.

The benefit liability recognized in the consolidated statement of financial position in respect of the employee defined benefit liabilities is the present value of the defined benefit obligation at the reporting date. The most recent actuarial valuation was performed by an independent, qualified actuary using the projected unit credit method.

21 EMPLOYEES DEFINED BENEFITS LIABILITIES (continued)

a) *The movement of employee defined benefit liabilities for the two years ended 31 December is as follows:*

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
1 January	**140,600,642**	156,481,393	203,601,753
Current service cost	**9,736,623**	11,500,923	11,774,419
Finance charge	**4,457,000**	3,640,483	5,762,346
Current service cost charge to work in progress	**113,377**	87,234	-
Paid during the year	**(17,364,622)**	(23,744,766)	(39,511,203)
Re-measurements (gain)/ loss on employees defined benefit liabilities	**(26,586,020)**	472,081	13,779,392
Transfer to accrued employees' benefits	**-**	(7,836,706)	(38,925,314)
31 December	**110,957,000**	140,600,642	156,481,393

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

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
Discount rate	**4.9%**	2.80%	2.1%
Future salary increases	**4%**	3.75%	4.50%
Retirement age	**60**	60	60
Turnover rate	**1% - 25%**	1% - 25%	1% - 25%

c) *All movements in the employee defined benefit liabilities are recognized in profit or loss except for the actuarial gain which is recognized in other comprehensive income are as follows:*

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
Actuarial (gains)/ losses on employees defined benefits liabilities			
(Gain) / loss due to change in financial assumptions	**(24,679,166)**	(12,624,689)	20,072,707
Loss due to change in demographic assumptions	**-**	1,867,000	-
(Gain) / loss due to change in experience adjustment	**(1,906,854)**	11,229,770	(6,293,315)
	(26,586,020)	472,081	13,779,392

21 EMPLOYEES DEFINED BENEFITS LIABILITIES (continued)

d) 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 year, while holding all other assumptions constant. A positive amount represents an increase in the liability whilst a negative amount represents a decrease in the liability:

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
Discount rate			
Increase 1%	**(10,469,000)**	(13,757,642)	(10,427,393)
Decrease 1 %	**11,923,000**	18,351,358	13,250,607
The future increase in the salaries			
Increase 1%	**11,910,000**	16,998,358	12,774,607
Decrease 1%	**(10,645,000)**	(14,763,642)	(10,225,393)

e) The following are the expected payments or contributions to the employees in future years:

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
Within the next 12 months	**10,446,000**	10,448,642	7,475,790
Between 2 and 5 years	**24,522,000**	27,836,000	37,378,950
Beyond 5 years	**75,989,000**	102,316,000	111,626,653
	110,957,000	140,600,642	156,481,393

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (2021: 11 years).

22 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2022 SR	31 December 2021 (Restated Note 39) SR	1 January 2021 (Restated Note 39) SR
Dividends payable	**43,637,296**	40,497,560	39,161,121
Advance from customers	**41,924,643**	31,610,467	35,726,711
Accrued expenses and other liabilities	**39,890,563**	26,330,554	25,107,716
Accrued employees' benefits (note (a) below)	**17,111,930**	19,624,100	53,049,848
Board of Directors and committees' remunerations	**3,505,057**	3,403,846	3,275,000
Cash deposits from customers	**2,960,775**	3,106,520	3,164,700
Others	**4,340,322**	393,359	3,203,396
	153,370,586	124,966,406	162,688,492

a) The above balance included balance related to Early Retirement Plan of Nil (2021: SR 1.07 million), established by the Group's Board of Directors during 2020. The plan costs are provided for in accordance with the Group's employee benefit policies which is based mainly on the current salary, years of service and the years of service until retirement age. As the termination benefits are expected to be settled wholly before twelve months after the end of the annual reporting year in which the termination benefit is recognized, the Group apply the requirements for short-term employee benefits. The provision is accounted for once the approval is made by the employee for the plan.

23 ZAKAT PAYABLE

a) The charge for the year is calculated based on the following:

	31 December 2022 SR	31 December 2021 (Restated Note 39) SR	1 January 2021 (Restated Note 39) SR
Equity	**1,479,036,025**	1,499,380,156	1,592,818,387
Opening provisions and other adjustments	**377,405,959**	427,522,230	282,414,460
Book value of long-term assets	**(1,690,216,088)**	(1,608,620,371)	(1,546,351,029)
	166,225,896	318,282,015	328,881,818
Adjusted income for the year	**243,758,654**	233,430,328	182,422,337
Zakat base	**409,984,550**	551,712,343	511,304,155

The differences between the financial and zakatable results are mainly due to provisions, which are not allowed in the calculation of adjusted income for the year.

b) The movement in zakat provision comprises the following:

	31 December 2022 SR	31 December 2021 (Restated Note 39) SR	1 January 2021 (Restated Note 39) SR
At the beginning of the year	**87,695,348**	85,759,714	82,980,696
Charge for the year	**15,050,000**	14,252,395	13,016,268
Paid during the year	**(12,437,744)**	(12,316,761)	(10,237,250)
At the end of the year	**90,307,604**	87,695,348	85,759,714

c) Details of the zakat charge for the year:

	2022 SR	2021 SR
Current year provision	**15,035,701**	14,252,395
Prior year provision	**14,299**	-
Total zakat expense for the year	**15,050,000**	14,252,395

Status of assessments

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

2005 to 2007 status

Zakat, Tax and Customs Authority ("ZATCA") issued the final zakat assessments to the Group for the years from 2005 to 2007, which resulted in an additional amount of SR 39 million. The Group has objected against the assessments with the relevant Appeal Committee. The Group submitted a bank guarantee to the ZATCA of SR 39 million in this respect. Furthermore, the Group submitted an appeal against the decision of the First Circuit to settle income tax violations and disputes in the city of Riyadh and the First Appeal Circuit issued its decision No. (IR-2022-2370) by accepting the appeal in form and substance and returning it to the First Circuit for adjudication and awaiting the hearing and discussion with the adjudication circuit.

2008 and 2010 status

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

23 ZAKAT PAYABLE (continued)

***Status of assessments** (continued)*

2011 to 2013 status

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

2014 to 2018 status

During the year 2020, the Group received the zakat assessments for the years 2014 to 2018, which resulted in an additional amount of SR 40 million, and the Group objected to these assessments with the relevant Appeal Committee. During 2021, this case was divided into two different cases:

- The first case No. 38736-2021-z for the years 2014 and 2016 until 2018, where some of the objected items that were rejected by the Adjudication Committee have been transferred to the Appeal Committee with No. 135883-2022-z to appeal the rejected items and it is currently in the appeal stage and exchanging memos with The General Secretariat of the Tax Committee.

- The second case No. 58673-2021-z of 2015, where some of the objected items that were rejected by the Adjudication Committee have been transferred to the Appeal Committee with No. 161998-2022-z to appeal the rejected items and it is currently in the appeal stage and exchanging memos with The General Secretariat of the Tax Committee.

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 2022 this case was divided into two different cases:

- The first case No. 127671-2022-z for the year 2019 which is currently subject to adjudication and technical assessment with The General Secretariat of the Tax Committee.

- The second case No. 127674-2022-z for the year 2020 which is currently subject to adjudication and technical assessment with the General Secretariat of the Tax Committee.

2021 status

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

24 REVENUE FROM CONTRACT WITH CUSTOMERS

Type of goods or services

	2022 **SR**	2021 (Restated Note 39) SR
Gas sales	**1,938,393,173**	1,775,050,303
Gas cylinders and tanks, and extension parts' sales	**99,810,767**	106,097,609
Service, transportation and installation revenue	**16,603,949**	15,945,562
Scrap sales	**16,583,605**	2,452,007
Other commercial projects	**8,817,104**	4,680,374
	2,080,208,598	1,904,225,855

Geographical markets

The Group has revenues from a single geographical market, The Kingdom of Saudi Arabia.

24 REVENUE FROM CONTRACT WITH CUSTOMERS (continued)

Timing of revenue recognition

	2022 **SR**	2021 (Restated Note 39) SR
Goods and services transferred at a point in time	**2,071,391,494**	1,899,545,481
Services transferred over time	**8,817,104**	4,680,374
	2,080,208,598	1,904,225,855

Contract balances

	2022 **SR**	2021 SR
Accounts receivable (note 14)	**30,774,861**	31,149,091
Contract liabilities (note 22)	**41,924,643**	31,610,467

Contract liabilities include short-term advances received to supply gases in tanks and filled gas cylinders to commercial and industrial customers. Those products and services are normally provided after the reporting period, therefore contract liabilities represent advances which were generally received close to year end.

Performance obligations

Information about the Group's performance obligations are summarized below:

Gas, cylinders, tanks and installation services

The performance obligation is satisfied upon delivery of the related goods / service and payment is generally due upon delivery.

Commercial projects

The performance obligation is satisfied over-time and payment is generally due upon completion of installation and acceptance of the customer. In some contracts, short-term advances are required before the installation service is provided.

Revenue recognised in relation to contract liabilities:

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

	2022	**2021**
Revenue recognised that was included in the contract liability balance at the beginning of the year	**28,561,270**	32,593,737

All contracts are for periods of one year or less are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed. Variable consideration is not applicable due to the Group's business model.

Management expects that around 90% of the transaction price allocated to unsatisfied performance obligations as of the year ended 31 December 2022 will be recognised as revenue during the next reporting period in the 2023 (SAR 37.7 million). The remaining around 10% will be recognised in the 2024 financial year. The amount disclosed above does not include variable consideration which is constrained.

25 COST OF REVENUES

	2022 SR	2021 (Restated Note 39) SR
Cost of gas sold	**1,298,596,803**	1,171,021,796
Employee costs	**208,216,514**	210,028,749
Cost of gas cylinders and tanks, and extension parts	**92,813,093**	97,133,894
Depreciation of property, plant and equipment (note 7)	**84,169,214**	71,627,236
Spare parts	**45,400,068**	38,814,091
Utilities	**13,402,337**	12,150,042
IT costs	**11,584,582**	12,416,211
Insurance expenses	**6,875,690**	6,628,154
Deprecation of right of use assets (note 10.1)	**5,930,979**	1,906,474
Amortization of intangible assets (note 8)	**4,820,799**	4,312,332
Provision for cylinders replacement, net (note 13)	**2,930,479**	983,139
Cost of other commercial projects	**2,894,604**	2,462,765
External repairs	**86,494**	178,523
Other expenses	**23,857,955**	19,805,706
	1,801,579,611	1,649,469,112

26 SELLING AND DISTRIBUTION EXPENSES

	2022 SR	2021 (Restated Note 39) SR
Employee costs	**43,911,186**	55,912,338
Depreciation of property, plant and equipment (note 7)	**10,565,624**	9,742,981
IT cost	**4,413,400**	4,182,806
Amortization of intangible assets (note 8)	**3,347,840**	3,024,219
Advertising	**3,085,019**	5,597,071
Fuels	**2,765,594**	1,801,233
Provision for other receivables	**792,180**	-
Insurance	**451,244**	1,197,702
Others	**7,285,035**	6,621,729
	76,617,122	88,080,079

27 GENERAL AND ADMINISTRATIVE EXPENSES

	2022 SR	2021 (Restated Note 39) SR
Employee costs	**60,065,648**	57,969,122
Professional fees	**11,115,258**	5,929,153
Remuneration of the Board of Directors and committees	**5,140,701**	5,229,100
Technical support and computer application licenses	**4,055,054**	4,302,588
Depreciation of property plant and equipment (note 7)	**3,182,389**	2,742,576
Amortization of intangible assets (note 8)	**3,058,471**	2,263,025
Utilities	**1,545,697**	1,136,746
Visas and licenses fees	**1,506,442**	579,257
Bank charges	**975,451**	1,757,359
Insurance expense	**722,662**	705,825
Employees legal claims	**518,588**	358,495
Repair and maintenance	**122,463**	113,071
Others	**6,297,924**	11,397,093
	98,306,748	94,483,410

28 INVESTMENTS INCOME

	2022 SR	2021 (Restated Note 39) SR
Dividends income from investment at FVOCI	**68,168,601**	83,874,117
Rent income from investment properties (Note 9)	**12,952,648**	13,730,772
Change in fair value of financial assets held at FVTPL	**(3,935,885)**	23,692,705
Finance income from short-term Murabaha time deposits	**168,778**	807,083
	77,354,142	122,104,677

29 FINANCE COSTS

	2022 SR	2021 SR
Unwinding of transaction costs on loans (note (a) below and note 20)	**3,381,067**	5,702,486
Follow up fees on term loan	**2,016,984**	3,130,390
Finance cost on lease liabilities (note 10.2)	**802,958**	201,260
	6,201,009	9,034,136

a) *The movement of unmortised transaction costs including the effects of unwinding of the transaction cost during the year was as follows:*

	2022 SR	2021 SR
At 1 January	**6,655,832**	12,358,318
Less: Unwinding of transaction costs on loans	**(3,381,067)**	(5,702,486)
At 31 December	**3,274,765**	6,655,832

30 OTHER INCOME, NET

	2022 SR	2021 (Restated Note 39) SR
Gain on disposal of property, plant and equipment, net	**30,868,003**	511,907
Foreign currency exchange differences	**468,972**	563,695
Others	**5,468,238**	7,036,174
	36,805,213	8,111,776

31 EARNINGS PER SHARE

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

	2022 SR	2021 SR
Profit for the year	**214,063,523**	201,364,232
Weighted average number of outstanding shares	**75,000,000**	75,000,000
Basic and diluted earnings per share	**2.85**	2.68

32 DIVIDENDS

The Group's board of directors decided on 17 Jumada Al-ula 1444H (corresponding to 11 December 2022), to distribute interim cash dividends to the shareholders for the second half of 2022 of SR 1 per share, amounting to SR 75 million. These interim cash dividends have been distributed to the shareholders in December 2022.

The Group's board of directors decided on 15 Muharram 1444H (corresponding to 13 August 2022), to distribute interim cash dividends to the shareholders for the first half of 2022 of SR 0.85 per share, amounting to SR 63.75 million. These interim cash dividends have been distributed to the shareholders in September 2022 (2021: SR 0.75 per share, amounting to SR 56.25 million).

The Group's board of directors decided on 20 Sha'ban 1443H (corresponding to 23 March 2022), to distribute interim cash dividends to the shareholders for the second half of 2021 of SR 0.75 per share, amounting to SR 56.25 million. These interim cash dividends have been distributed to the shareholders in April 2022 (2021: SR 0.50 per share, amounting to SR 37.5 million) and were subsequently approved by the Annual General Assembly of the shareholders held on 27 June 2022.

33 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 believes that the expected outcome from this matter will be in favor of the Group and management filed an objection to comply with the basis of the contractual terms.

Guarantees and letters of credit

The Group has submitted a bank guarantee to ZATCA amounting to SR 39 million (31 December 2021: SR 39 million) relating to the Group's zakat assessments for the years from 2005 to 2007. During 2021, the Group has further submitted a bank guarantee to ZATCA for 50% of the total amount relating to the Group's zakat assessments for the years from 2019 to 2020 (Note 23).

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

The Group has outstanding letters of credit as at 31 December 2022 amounting to SR 24.8 million (31 December 2021: SR 35.6 million).

The Group has other outstanding letters of guarantees as at 31 December 2022 amounting to SR 10.9 million (31 December 2021: SR 300 Thousand).

Guarantees related to an investee

The Group also has an outstanding guarantee for a loan granted by the Saudi Industrial Development Fund to Arabian United Float Glass Company (investee FVTOCI) amounting to SR 21.4 million as at 31 December 2022 (31 December 2021: SR 35 million).

Commitments

As at 31 December 2022, the Group has commitments of SR 146.5 million (31 December 2021: SR 130.4 million) related to capital work in progress under property, plant and equipment and intangible assets.

34 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.

34 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

Name	***Relationship***
Saudi Gas Cylinder Factory Company	Associate

b) The significant transactions and related balances for the years ended 31 December are as follows:

	2022 **SR**	2021 SR
Purchases of gas cylinders and tanks	**45,069,897**	72,071,799

c) Amounts due to related parties

	2022 **SR**	2021 SR
Saudi Gas Cylinder Factory Company	**22,055,112**	3,000,357

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

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:

	2022 **SR**	2021 SR
Key management personnel salaries and benefits- short term	**12,546,288**	11,593,889
Board of directors' members remunerations	**5,140,701**	5,100,253
Post-retirement benefits	**1,323,552**	767,395
Total	**19,010,541**	17,461,537

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

35 FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, lease liabilities and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include accounts receivable, and cash and short-term deposits that derive directly from its operations. The Group also holds investments in debt and equity instruments. The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives which are summarized below.

35 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments.

Currency risk

Currency risk is the risk that the value of a financial instruments will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals, US Dollars and Euros. Management monitors the fluctuations in currency exchange rates on a regular basis. The Group's exposure to foreign currency changes for U.S. dollars is not material due to the fact that the Saudi Riyals is pegged with U.S. dollars, and the Group does not have any material assets or liabilities in U.S. dollars as at 31 December 2022.

The Group has the following significant financial liability exposures, denominated in foreign currency:

	2022 **SR**	2021 SR
EURO	**1,899,455**	4,283,516

Currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in EURO currency exchange rate. With all other variables held constant, the Group's profit before zakat is affected through the impact on change in EURO currency exchange rate, as follows:

	1% increase **SR**	**1% decrease** **SR**
2022	**(74,687)**	**74,687**
2021	(189,232)	189,232

Equity price risk

The Group's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to equity investments at fair value listed on the Tadawul was SR 113,560,084 (2021: SR 114,835,862). Given that the changes in fair values of the equity investments held are strongly positively correlated with changes of the Tadawul market index, the Group has determined that an increase/(decrease) of 1% on the Tadawul market index could have an impact of approximately SR 1,135,601 (2021: SR 1,148,359) increase/(decrease) on the income and equity attributable to the Group.

35 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's short-term loans have a short tenure and carry a floating rate of interest and is carried at amortized cost. Accordingly, management believes that the Group is not subject to any significant interest rate risk because it is a practice of the Group to settle all short-term debt obligations at the time of maturity which is generally one month.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before zakat is affected through the impact on floating rate borrowings, as follows:

	45 basis points increase SR	45 basis points decrease SR
2022	**(1,056,712)**	**1,056,712**
2021	(409,349)	409,349

Liquidity risk

The Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. These forecasts are taken into the consideration in the Group's financing plans.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment years. The tables have been compiled based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Within one year SR	1-5 years SR	Over 5 years SR	Total SR
At 31 December 2022				
Trade payables	**215,972,941**	**-**	**-**	**215,972,941**
Accrued expenses and other current liabilities	**153,370,586**	**-**	**-**	**153,370,586**
Lease liabilities	**5,250,910**	**12,908,655**	**2,048,160**	**20,207,725**
Term loan	**-**	**76,000,000**	**-**	**76,000,000**
Employee defined benefits liabilities	**10,446,000**	**24,522,000**	**75,989,000**	**110,957,000**
Financial guarantee	**21,368,000**	**-**	**-**	**21,368,000**
	406,408,437	**113,430,655**	**78,037,160**	**597,876,252**

	Within one year SR	1-5 years SR	Over 5 years SR	Total SR
At 31 December 2021				
Trade payables	133,782,678	-	-	133,782,678
Accrued expenses and other current liabilities	124,966,406	-	-	124,966,406
Lease liabilities	1,781,367	170,680	488,773	2,440,820
Term loan	-	119,000,000	-	119,000,000
Employee defined benefits liabilities	10,448,642	27,836,000	102,316,000	140,600,642
Financial guarantee	10,000,000	21,368,000	-	31,368,000
	280,979,093	168,374,680	102,804,773	552,158,546

	Within one year SR	1-5 years SR	Over 5 years SR	Total SR
At 31 December 2020				
Trade payables	111,757,568	-	-	111,757,568
Accrued expenses and other current liabilities	162,688,492	-	-	162,688,492
Lease liabilities	2,308,953	11,766	2,230,111	4,550,830
Term loan	32,000,000	103,000,000	53,000,000	188,000,000
Employee defined benefits liabilities	7,475,790	37,378,950	111,626,653	156,481,393
Financial guarantee	7,000,000	31,368,000	-	38,368,000
	323,230,803	171,758,716	166,856,764	661,846,283

35 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily accounts receivable) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group assumes that the credit risk on financial assets has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when:

- The customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realizing security (if any is held); and
- default of the financial asset for 90 days or more from its maturity date.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have an adverse effect on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is of impaired credit includes the following observable data:

- Significant financial difficulty of the customer, such as delay in payment, decline in business…etc.
- a breach of contract such as default or delinquency for a period of more than 90 days.
- it is becoming probable that the customer will enter bankruptcy or other financial restructuring.

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Receivables with low risk of default and have a high ability to meet contractual payments.	Lifetime expected losses
Under-performing	Receivables with high credit risk is considered high when payment is delayed for 45 days.	Lifetime expected losses
Non-performing	Payments are 120 days past due.	Lifetime expected losses
Provision	Payments are more than 360 days past due and there is no reasonable expectation of recovery.	Lifetime expected losses with 100% provision.

35 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Credit risk (continued)

Accounts receivable

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, accounts receivable are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12-C, 14 and 16. The Group holds collateral as security. The cash deposits and other forms of collaterals are considered integral part of accounts receivable and considered in the calculation of impairment. At 31 December 2022, SR 8,967,925 (2021: SR 18,700,200) of the total Groups accounts receivable are covered by cash deposits and other forms of collaterals. These collaterals obtained by the Group resulted in a decrease in the ECL SR 4.3 million as at 31 December 2022 (2021: SR 1.3 million). The Group evaluates the concentration of risk with respect to accounts receivable as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Debt securities

The Group invests in both quoted and unquoted debt securities with very low credit risk. The Group's debt instruments at fair value through OCI comprised solely of unquoted bonds that are graded in the top investment category (Very Good and Good) from accredited credit rating agency and, therefore, are considered to be low credit risk investments. As at 31 December 2022, the Group calculated the provision for expected credit losses on its debt instruments at amortized cost of SR 38,497 (2021: SR 143,014) which is immaterial for the management.

The credit ratings of investments as at 31 December 2022, 31 December 2021 and 31 December 2020 are as follows:

	31 December 2022 SR	31 December 2021 SR	1 January 2021 SR
A	**145,016,184**	201,076,637	99,995,163
BBB	**130,867,320**	133,906,920	139,462,543
Unrated	**9,000,000**	16,500,000	-
	284,883,504	351,483,557	239,457,706

35 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Credit risk (continued)

Financial guarantees

The financial guarantee is given against a loan on behalf of one investee at FVOCI and management believes that the guarantee will not be liquidated, the fair value of the liability arising from the guarantee is zero at the time of giving such guarantee. Based on the management's assessment of the investee results and the liquidity of the investee, they believe that this guarantee will not be liquidated against them. The Management reviews the investee results on quarterly basis and whenever there are any indictors of default from the associate, they will record the liability as required. As at 31 December 2022, the Group calculated the provision for expected credit losses of SR 25,601 (2021: SR 34,607) which is immaterial for the management.

Accrued rent

Accrued rent comprises of rental income receivable from investment properties. As per the Group's policy, surplus funds are invested in reliable investment opportunities such as real estate, amongst others, only with the approval of the Investment Committee. The Management minimizes the risks of any financial loss through the counterparty's failure to make payments through obtaining bank guarantees or promissory notes from the counterparty which covers the counterparty's next year rent amount. As at 31 December 2022, the Group calculated the provision for expected credit losses on its accrued rent of SR 4,974 (2021: SR 44,830) which is immaterial for the management.

Employee receivables

The employees' receivables are advances given to employees which is SR 4,071,125 and at the date of paying such amounts to the employee a schedule for the payments on monthly basis should be signed by the employee, and as per the Group policy all amounts should be recovered in less than one year from the date of paying the advance and should be guaranteed against employee end of service provision of the same employee. Accordingly, all the balances are guaranteed against the employee end of service. As at 31 December 2022, the Group calculated the provision for expected credit losses of SR 7,462 (SR: SR 5,180) which is immaterial for the management.

Cash in banks

The Group has kept cash and cash equivalents in reputable banks and financial institutions, so the expected credit losses of cash and cash equivalents as at 31 December 2022 amounted to nil (31 December 2021: nil). The cash balance as at 31 December 2022 is SR175,851,735 (31 December 2021: SR 63,368,449).

The credit ratings of banks in which the Group holds cash as at 31 December 2022, 31 December 2021 and 31 December 2020 are as follows:

	31 December 2022 SR	31 December 2021 (Restated Note 39) SR	1 January 2021 (Restated Note 39) SR
A	**102,908,249**	57,440,688	276,127,491
BBB	**72,943,487**	5,927,761	983,667
	175,851,736	63,368,449	277,111,158

35 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Credit risk (continued)

Capital management

For the purpose of the Group's management, capital includes issued capital and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to maximize the shareholders' value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. The Group informally monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Group includes within net debt, short term loans, lease liabilities, employees' defined benefit liabilities, zakat payable, less cash and bank balances.

	31 December 2022 SR	31 December 2021 (Restated Note 39) SR	1 January 2021 (Restated Note 39) SR
Term loan	**76,000,000**	119,000,000	188,000,000
Lease liabilities	**20,207,725**	2,440,820	4,550,830
Employees' defined benefits liabilities	**110,957,000**	140,600,642	156,481,393
Zakat provision	**90,307,604**	87,695,348	85,759,714
Less: Cash and cash equivalents	**(175,851,736)**	(63,368,449)	(277,111,158)
Net debt	**121,620,593**	286,368,361	157,680,779
Equity	**1,734,963,520**	1,736,153,676	1,605,249,521
Equity and net debt	**1,856,584,113**	2,022,522,037	1,762,930,300
Gearing ratio	**6.55%**	14.16%	8,94%

36 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique, In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date, Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described 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 are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability (Note 12.a).

The table below shows the carrying values and fair values of financial assets and liabilities, including their levels in the fair value hierarchy, and does not include fair value information of financial assets and liabilities which are not measured at fair value if the carrying value reasonably approximates the fair value:

36 FAIR VALUE OF FINANC IAL ASSETS AND LIABILITIES (continued)

	31 December 2022						
	Carrying value			***Fair value***			
	Fair value SR	**Amortized cost SR**	**Total SR**	**Level 1 SR**	**Level 2 SR**	**Level 3 SR**	**Total SR**
Financial assets							
Financial assets held at FVOCI	**654,995,718**	**-**	**654,995,718**	**19,017,266**	**44,295,900**	**591,682,552**	**654,995,718**
Financial assets held at amortized cost	**-**	**214,016,184**	**214,016,184**	**-**	**-**	**-**	**-**
Financial assets held at FVTPL	**132,356,596**	**-**	**132,356,596**	**132,356,596**	**-**	**-**	**132,356,596**
Accounts receivable at amortized cost	**-**	**30,774,861**	**30,774,861**	**-**	**-**	**-**	**-**
Prepayments and other current assets at amortized cost	**-**	**60,405,421**	**60,405,421**	**-**	**-**	**-**	**-**
Cash and cash equivalents at amortized cost	**-**	**175,851,736**	**175,851,736**	**-**	**-**	**-**	**-**
Total	**787,352,314**	**481,048,202**	**1,268,400,516**	**151,373,862**	**44,295,900**	**591,682,552**	**787,352,314**
Financial liabilities at amortized cost							
Lease liabilities	**-**	**20,207,725**	**20,207,725**	**-**	**-**	**-**	**-**
Term loan	**-**	**72,725,235**	**72,725,235**	**-**	**-**	**-**	**-**
Trade payables	**-**	**215,972,941**	**215,972,941**	**-**	**-**	**-**	**-**
Accrued expenses and others	**-**	**153,370,586**	**153,370,586**	**-**	**-**	**-**	**-**
Total	**-**	**462,276,487**	**462,276,487**	**-**	**-**	**-**	**-**

	31 December 2021 (Restated Note 39)						
	Carrying value			**Fair value**			
	Fair value SR	**Amortized cost SR**	**Total SR**	**Level 1 SR**	**Level 2 SR**	**Level 3 SR**	**Total SR**
Financial assets							
Financial assets held at FVOCI	701,835,418	-	701,835,418	19,588,651	44,190,000	638,056,767	701,835,418
Financial assets held at amortized cost	-	247,567,034	247,567,034	-	-	-	-
Financial assets held at FVTPL	199,154,133	-	199,154,133	199,154,133	-	-	199,154,133
Accounts receivable at amortized cost	-	31,149,091	31,149,091	-	-	-	-
Prepayments and other current assets at amortized cost	-	59,663,530	59,663,530	-	-	-	-
Cash and cash equivalents at amortized cost	-	63,368,449	63,368,449	-	-	-	-
Total	900,989,551	401,748,104	1,302,737,655	218,742,784	44,190,000	638,056,767	900,989,551
Financial liabilities at amortized cost							
Lease liabilities	-	2,440,820	2,440,820	-	-	-	-
Term loan	-	112,344,168	112,344,168	-	-	-	-
Trade payables	-	133,782,678	133,782,678	-	-	-	-
Accrued expenses and others	-	124,966,406	124,966,406	-	-	-	-
Total	-	373,534,072	373,534,072	-	-	-	-

36 FAIR VALUE OF FINANC IAL ASSETS AND LIABILITIES (continued)

	31 December 2020 (Restated Note 39)						
	Carrying value			**Fair value**			
	Fair value SR	**Amortized cost SR**	**Total SR**	**Level 1 SR**	**Level 2 SR**	**Level 3 SR**	**Total SR**
Financial assets							
Financial assets held at FVOCI	678,073,411	-	678,073,411	19,201,907	44,574,239	614,297,265	678,073,411
Financial assets held at amortized cost	-	129,995,163	129,995,163	-	-	-	-
Financial assets held at FVTPL	179,498,455	-	179,498,455	179,498,455	-	-	179,498,455
Accounts receivable at amortized cost	-	45,481,461	45,481,461	-	-	-	-
Prepayments and other current assets at amortized cost	-	49,077,895	49,077,895	-	-	-	-
Cash and cash equivalents at amortized cost	-	277,111,158	277,111,158	-	-	-	-
Total	857,571,866	501,665,677	1,359,237,543	198,700,362	44,574,239	614,297,265	857,571,866
Financial liabilities at amortized cost							
Lease liabilities	-	4,550,830	4,550,830	-	-	-	-
Term loan	-	175,641,682	175,641,682	-	-	-	-
Trade payables	-	111,757,568	111,757,568	-	-	-	-
Accrued expenses and others	-	162,688,492	162,688,492	-	-	-	-
Total	-	454,638,572	454,638,572	-	-	-	-

36 FAIR VALUE OF FINANC IAL ASSETS AND LIABILITIES (continued)

Valuation of investments in funds – Level 2

The Group's investments in funds ('Investee Funds') are subject to the terms and conditions of the respective Investee Fund's offering documentation. The investments in Investee Funds are valued based on the latest available redemption price of such units for each Investee Fund, as determined by the Investee Funds' administrators. The Group reviews the details of the reported information obtained from the Investee Funds and considers:

- the liquidity of the Investee Fund or its underlying investments;
- the value date of the net asset value "NAV" provided;
- any restrictions on redemptions; and
- the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the Investee Fund's advisors.

If necessary, the Group makes adjustments to the NAV of various Investee Funds to obtain the best estimate of fair value. Other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss in the statement of comprehensive income include the change in fair value of each Investee Fund.

37 IMPACT OF COVID-19

A novel strain of coronavirus (COVID-19) ("the virus") was first identified at the end of December 2019, subsequently in March 2020 it was declared as a pandemic by the World Health Organization (WHO). The virus used to spread throughout in nearly all regions around the world including the Kingdom of Saudi Arabia, which resulted in a slowdown of economic and social activities and shutdowns of many sectors at global and local levels.

In response to the rapid spread of the virus and the resulting disruption of some social and economic activities, the Group has assessed its impact on its current and future operational activities and has taken a series of preventive and precautionary measures, including activating of remote work to ensure the safety of its employees and their families.

At the end of the second quarter of 2021, the government of the Kingdom of Saudi Arabia has allowed the return of all economic and commercial activities, while observing the implementation of all preventive measures adopted, and commitment to social distancing. During the fourth quarter of 2021, several vaccines which passed the testing phase effectively and began to be manufactured and distributed globally to many countries, including the Kingdom of Saudi Arabia. Furthermore, during the year 2022, booster doses were already started to be given globally including the Kingdom of Saudi Arabia therefore allowing all the economic and commercial activities to be carried in normal course. As of the date of preparing these consolidated financial statements, the Group's operations and financial results have not incurred significant impact from the virus outbreak.

The impact of the pandemic on the Group's operations and financial results was assessed using some judgments, estimates and assumptions that contain sources of uncertainty as it depends on several future factors and developments that cannot be reliably forecasted.

38 EVENTS SUBSEQUENT TO THE REPORTING DATE

In January 2023, The Group has completed the formal procedures of the newly established subsidiaries which have been established based on the board of directors' approval in its meeting held on November 10, 2022. As at the approval of the consolidated financial statements dates the subsidiaries have not started their operations. The below represents the details of the newly established subsidiaries:

38 EVENTS SUBSEQUENT TO THE REPORTING DATE (continued)

Subsidiary	*Commercial registration number*	*Country of incorporation*	*Effective shareholding percentage*
Best Gas Distributor Company	1010851646	Saudi Arabia	100%
National Carrier Transportation Company	1010851708	Saudi Arabia	100%

39 RESTATEMENTS

In accordance with the requirements of IAS 8 "Accounting policies, changes in accounting estimates and errors" ("IAS 8"), management has restated the comparative figures to adjust prior year consolidated financial statements. The note below sets out the details of adjustments and the line items in the consolidated statements of financial position, comprehensive income, changes in equity and of cash flows:

Restatement 1:

Expenditures incurred with respect to work performed for the construction of property, plant and equipment that relate to the years ended 31 December 2021 and 31 December 2020 have been recorded during the year ended 31 December 2022. Management assessed that the costs of construction of the assets meet the recognition criteria in paragraph 7 of IAS 16 during the years ended 31 December 2021 and 31 December 2020. The management corrected prior period errors (SR 677,682 and SR 449,153 at 31 December 2021 and 31 December 2020 respectively) in the consolidated financial statements for the year ended 31 December 2022 by restating the comparatives.

Restatement 2:

Capital expenditures incurred with respect to the development of intangible assets that relate to the years ended 31 December 2021 and 31 December 2020 have not been recorded in those periods. Based on management's assessment the development costs for the intangible assets meet the recognition criteria in paragraph 18 of IAS 38 during the years ended 31 December 2021 and 31 December 2020. The management corrected prior period errors (SR 939,132 and SR 253,000 at 31 December 2021 and 31 December 2020 respectively) in the consolidated financial statements for the year ended 31 December 2022 by restating the comparatives.

Restatement 3:

Goods purchased and received during the year ended 31 December 2021 were not recorded. Based on management's assessment, these goods fall under the scope of IAS 2 'Inventories' and met the recognition criteria to be recognised as inventories during the year ended 31 December 2021. Accordingly, the management corrected prior period error amount (SR 1,813,313 as at 31 December 2021) in the consolidated financial statements for the year ended 31 December 2022 by restating the comparatives.

Restatement 4:
The management erroneously has not recorded certain invoices related to the expenses incurred during the year ended 31 December 2021 amounted to SAR 1,445,759. Management corrected these prior period errors in the consolidated financial statements for the year ended 31 December 2022 by restating the comparatives.

Restatement 5:

Capital expenditures incurred with respect to work performed for the construction of property, plant and equipment during the year ended 31 December 2021 amounting to SR 1,030,235 were not classified under property, plant and equipment. Instead, these expenditures were classified as prepaid assets. Based on the management assessment, these expenditures meet the definition of property, plant and equipment as per paragraph 6 of IAS 16. In addition, the recognition criteria as per paragraph 7 of IAS 16 was also met in 2021.Accordingly, the management corrected prior period error in the consolidated financial statements for the year ended 31 December 2022 by restating the comparatives.

39 RESTATEMENTS (continued)

Restatement 6:

During the year ended 31 December 2020, The management discovered an embezzlement conducted by a former employee. The total value of the identified transactions is SR 34,289,466 million, out of which, an amount of SR 2.900,000 and SR 4,000,000 were recorded in 2017 and 2020 profit or loss. The remaining balance of SR 27,389,468 was routed through an unapplied collection balance. As at 31 December 2019, the unapplied collections balance was reinstated (under accrued expenses and other liabilities) and the embezzled amount was recognised as a loss by debiting the opening retained earnings. The management conducted an exercise on the accuracy of this account and as result, the management concluded that these amounts represent advances related to services provided in the past. hence, no unrecorded liability related to the unapplied collection account exist. In addition, the Group did not receive any claims against such account during the past years. consequently, the management decided to restate the comparative figures of the consolidated financial statements for the year ended 31 December 2022.

Restatement 7:

The Group presents expenses by function in the consolidated statement of comprehensive income. Certain employees' costs, which should have been classified as part of cost of sales, were incorrectly classified as part of selling and distribution expenses in the year ended 2021. These reflects their correct function. Accordingly, the management corrected prior period error amount SR 4,799,098, in the consolidated financial statements for the year ended 31 December 2022 by restating the comparatives.

Restatement 8:

As per IAS 1 paragraph 82, impairment losses determined in accordance with section 5.5 of IFRS 9 ("expected credit losses") should be presented on the face of the consolidated statement of comprehensive income. However, the expected credit losses for the year ended 31 December 2021 were presented as part of general and administrative expenses. Accordingly, the management corrected prior period error amount SR 1,337,985 in the consolidated financial statements for the year ended 31 December 2022 by restating the comparatives.

Restatement 9:

The Group had cash amount of SR 1,462,529 as at 31 December 2021 and SR 500,889 as at 31 December 2020 previously classified within financial assets held at FVTOCI. However, as these amounts meet the definition of cash and cash equivalents and are readily available to the Group, the management reclassified these from financial assets held at FVTOCI to cash and cash equivalents in the consolidated financial statements for the year ended 31 December 2022 by restating the comparatives.

Restatement 10:

The management assessed the impact of the above restatements on the zakat charges for the years ended 31 December 2021 and 31 December 2020. As a result, the impact on the consolidated financial statements for the year ended 31 December 2020 amounted to SR 457,471 which was corrected by restating prior year comparatives. However, based on the management's assessments the impact on the consolidated financial statements for the year ended 31 December 2021 is not considered material to the financial statements as a whole.

Restatement 11:

The management erroneously classified a debt instrument amounted to SR 100,000,000 under the financial assets held at FVPL as at 31 December 2021 and 31 December 2020. The management has reviewed the classification criteria and realized that the debt instrument should be classified as financial assets held at amortized cost. As a result, The Group management corrected the classification by restating prior year comparatives. Further, the management has reflected the impact of the amortization income by restating the investment income for the year ended 31 December 2021 and 31 December 2020 by SR 1,071,871 and SR 4,837 respectively.

39 RESTATEMENTS (continued)

Restatement 12:

As per IAS 1 paragraph 82, finance income calculated using the effective interest method should be presented on the face of the consolidated statement of comprehensive income. However, the finance income for the year ended 31 December 2021 were presented as part of investment income. Accordingly, the management corrected prior period error amount SR 6,412,131 in the consolidated financial statements for the year ended 31 December 2022 by restating the comparatives. Further, the management has reflected the impact of the reclassifcation by restatating the finance income from investment at amortized cost in the consolidated financial statements of cash flows for the year ended 31 December 2021.

Restatement 13:

In 2008, the management has invested in Arabian United Floating Glass Company ("AUFG"). In prior years, this investment has not been subject to revaluation and was fully provided for by the management. In the current year, the management has revalued this investment which resulted in a fair value of SR 45,340,502 and SR 12,915,265 as at 31 December 2021 and 31 December 2020 respectively. In addition, prior year impairment related to this investment amounting to SR 71,664,900 was recorded in the retained earnings instead of the unrealised gains from financial assets held at fair value through other comprehensive income (FVTOCI). As a result, the management corrected prior years errors in the consolidated financial statements for the year ended 31 December 2022 by restating the comparatives.

Restatement 14:

Revenue incurred with respect to sales of scrap that relate to the years ended 31 December 2021 amounting to SR 2,729,576 have been erroneously recorded under the other income instead of revenue. Management has reclassified this amount in the consolidated financial statements for the year ended 31 December 2022 by restating the comparatives.

Restatement 15:

The management in the prior years erroneously disclosed the cash flows for financial assets at FVPL in the investing activities. The management has reviewed the presentation criteria in accordance with para 14 of IAS 7, accordingly, the management corrected prior period error amount SR 4,037,027 by reducing the net cash used in investing activities and increasing the cash generated from operating activities in the consolidated statement of cash flows for the year ended 31 December 2022 by restating the comparatives.

Management believes that the current presentation provides more significant information to users of the financial statements. The following is a summary of the effect of the amendments on the consolidated statement of financial position as at 31 December 2021 and 1 January 2021 and the consolidated statements of comprehensive income, cash flows and changes in equity for the year then ended:

39 RESTATEMENTS (continued)

<u>Impact of adjustments to statement of financial position as at 31 December 2021</u>

	31 December 2021 As issued	Restatement 1	Restatement 2	Restatement 3	Restatement 4	Restatement 5	Restatement 6	Restatement 9	Restatement 10	Restatement 11	Restatement 13	31 December 2021 Restated
Assets												
Non-current assets												
Property, plant and equipment	715,388,140	1,126,835	-	-	-	1,030,235	-	-	-	-	-	717,545,210
Intangible assets	30,726,987	-	1,192,132	-	-	-	-	-	-	-	-	31,919,119
Investment properties	34,342,174	-	-	-	-	-	-	-	-	-	-	34,342,174
Right-of-use assets	1,494,980	-	-	-	-	-	-	-	-	-	-	1,494,980
Investments in associates	87,898,531	-	-	-	-	-	-	-	-	-	-	87,898,531
Financial assets held at (FVTOCI)	645,042,180	-	-	-	-	-	-	(1,462,529)	-	-	58,255,767	701,835,418
Financial assets held at amortised cost	146,500,000	-	-	-	-	-	-	-	-	-	-	146,500,000
Total non-current assets	1,661,392,992	1,126,835	1,192,132	-	-	1,030,235	-	(1,462,529)	-	-	58,255,767	1,721,535,432
Current assets												
Financial assets held at fair (FVTPL)	299,154,133	-	-	-	-	-	-	-	-	(100,000,000)	-	199,154,133
Financial assets held at amortised cost		-	-	-	-	-	-	-	-	101,067,034	-	101,067,034
Inventories, net	160,232,756	-	-	1,813,313	-	-	-		-	-	-	162,046,069
Accounts receivable, net	31,149,091	-	-	-	-	-	-	-	-	-	-	31,149,091
Prepayments and other current assets	60,693,765	-	-	-	-	(1,030,235)	-	-	-	-	-	59,663,530
Cash and cash equivalents	61,905,920	-	-	-	-	-	-	1,462,529	-	-	-	63,368,449
Total current assets	613,135,665	-	-	1,813,313	-	(1,030,235)	-	1,462,529	-	-	-	616,448,306
Total assets	2,274,528,657	1,126,835	1,192,132	1,813,313	-	-	-	-	-	1,067,034	58,255,767	2,337,983,738

39 RESTATEMENTS (continued)

Impact of adjustments to statement of financial position as at 31 December 2021(continued)

	31 December 2021 As issued	Restatement 1	Restatement 2	Restatement 3	Restatement 4	Restatement 5	Restatement 6	Restatement 9	Restatement 10	Restatement 11	Restatement 13	31 December 2021 Restated
Equity												
Share capital	750,000,000	-	-	-	-	-	-	-	-	-	-	750,000,000
Statutory reserve	225,000,000	-	-	-	-	-	-	-	-	-	-	225,000,000
Retained earnings	151,964,481	-	-	-	(1,445,759)		27,389,468		(457,471)	1,067,034	71,664,900	250,182,653
Unrealised gains from investments at (FVTOCI)	524,380,156	-	-	-	-	-	-	-	-	-	(13,409,133)	510,971,023
Total equity	1,651,344,637	-	-	-	(1,445,759)	-	27,389,468	-	(457,471)	1,067,034	58,255,767	1,736,153,676
Non-current liabilities												
Term loan	112,344,168	-	-	-	-	-	-	-	-	-	-	112,344,168
Lease liabilities	659,453	-	-	-	-	-	-	-	-	-	-	659,453
Employees' defined benefits liabilities	140,600,642	-	-	-	-	-	-	-	-	-	-	140,600,642
Total non-current Liabilities	253,604,263	-	-	-	-	-	-	-	-	-	-	253,604,263
Current liabilities												
Trade payables	128,204,639	1,126,835	1,192,132	1,813,313	1,445,759	-	-	-	-	-	-	133,782,678
Lease liabilities – current Portion	1,781,367	-	-	-	-	-	-	-	-	-	-	1,781,367
Accrued expenses and other current liabilities	152,355,874	-	-	-	-	-	(27,389,468)	-	-	-	-	124,966,406
Term loan – current portion	-	-	-	-	-	-	-	-	-	-	-	-
Zakat payable	87,237,877	-	-	-	-	-	-	-	457,471	-	-	87,695,348
Total current liabilities	369,579,757	1,126,835	1,192,132	1,813,313	1,445,759	-	(27,389,468)	-	457,471	-	-	348,225,799
Total liabilities	623,184,020	1,126,835	1,192,132	1,813,313	1,445,759	-	(27,389,468)	-	457,471	-	-	601,830,062
Total equity and liabilities	2,274,528,657	1,126,835	1,192,132	1,813,313	-	-	-	-	-	1,067,034	58,255,767	2,337,983,738

39 RESTATEMENTS (continued)

Impact of adjustments to statement of financial position as at 1 January 2021

	1 January 2021 As issued	Restatement 1	Restatement 2	Restatement 6	Restatement 9	Restatement 10	Restatement 11	Restatement 13	1 January 2021 Restated
Assets									
Non-current assets									
Property, plant and Equipment	633,521,175	449,153	-	-	-	-	-	-	633,970,328
Intangible assets	32,895,035	-	253,000	-	-	-	-	-	33,148,035
Investment properties	34,353,174	-	-	-	-	-	-	-	34,353,174
Right-of-use assets	3,401,454	-	-	-	-	-	-	-	3,401,454
Investments in associates	80,270,034	-	-	-	-	-	-	-	80,270,034
Financial assets held at (FVTOCI)	665,659,035	-	-	-	(500,889)	-	-	12,915,265	678,073,411
Financial assets held at amortised cost	30,000,000	-	-	-	-	-	99,995,163		129,995,163
Total non-current assets	1,480,099,907	449,153	253,000	-	(500,889)	-	99,995,163	12,915,265	1,593,211,599
Current assets									
Financial assets held at fair (FVTPL)	279,498,455	-	-	-	-	-	(100,000,000)	-	179,498,455
								-	
Inventories, net	157,748,632	-	-	-	-	-	-	-	157,748,632
Accounts receivable, net	45,481,461	-	-	-	-	-	-	-	45,481,461
Prepayments and other current assets	49,077,895	-	-	-	-	-	-	-	49,077,895
Cash and cash equivalents	276,610,269	-	-	-	500,889	-	-	-	277,111,158
Total current assets	808,416,712	-	-	-	500,889	-	(100,000,000)	-	708,917,601
Total assets	2,288,516,619	449,153	253,000	-	-	-	(4,837)	12,915,265	2,302,129,200

39 RESTATEMENTS (continued)

Impact of adjustments to statement of financial position as at 1 January 2021(continued)

	1 January 2021 As issued	Restatement 1	Restatement 2	Restatement 6	Restatement 9	Restatement 10	Restatement 11	Restatement 13	1 January 2021 Restated
Equity									
Share capital	750,000,000	-	-	-	-	-	-	-	750,000,000
Statutory reserve	225,000,000	-	-	-	-	-	-	-	225,000,000
Retained earnings	44,448,445	-	-	27,389,468	-	(457,471)	(4,837)	71,664,900	143,040,505
Unrealised gains from investments at (FVTOCI)	545,958,651	-	-	-	-	-	-	(58,749,635)	487,209,016
Total equity	1,565,407,096	-	-	27,389,468	-	(457,471)	(4,837)	12,915,265	1,605,249,521
Non-current liabilities									
Term loan	143,641,682	-	-	-	-	-	-	-	143,641,682
Lease liabilities	2,241,877	-	-	-	-	-	-	-	2,241,877
Employees' defined benefits Liabilities	156,481,393	-	-	-	-	-	-	-	156,481,393
Total non-current liabilities	302,364,952	-	-	-	-	-	-	-	302,364,952
Current liabilities									
Trade payables	111,055,415	449,153	253,000	-	-	-	-	-	111,757,568
Lease liabilities - current portion	2,308,953	-	-	-	-	-	-	-	2,308,953
Accrued expenses and other current liabilities	190,077,960	-	-	(27,389,468)	-	-	-	-	162,688,492
Term loan – current portion	32,000,000	-	-	-	-	-	-	-	32,000,000
Zakat payable	85,302,243	-	-	-	-	457,471	-	-	85,759,714
Total current liabilities	420,744,571	449,153	253,000	(27,389,468)	-	457,471	-	-	394,514,727
Total liabilities	723,109,523	449,153	253,000	(27,389,468)	-	457,471	-	-	696,879,679
Total equity and liabilities	2,288,516,619	449,153	253,000	-	-	-	(4,837)	12,915,265	2,302,129,200

39 RESTATEMENTS (continued)

Impact of adjustments to statement of comprehensive income as at 31 December 2021

	31 December 2021 As issued	Restatement 4	Restatement 7	Restatement 8	Restatement 11	Restatement 12	Restatement 13	Restatement 14	31 December 2021 Restated
Revenues	1,901,496,279	-	-	-	-	-	-	2,729,576	1,904,225,855
Cost of revenues	(1,644,670,014)	-	(4,799,098)	-	-	-	-	-	(1,649,469,112)
Gross profit	256,826,265	-	(4,799,098)	-	-	-	-	2,729,576	254,756,743
Selling and distribution expenses	(92,879,177)	-	4,799,098	-	-	-	-	-	(88,080,079)
General and administrative expenses	(91,699,666)	(1,445,759)	-	(1,337,985)	-	-	-	-	(94,483,410)
Provision for expected credit losses	-	-	-	1,337,985	-	-	-	-	1,337,985
Operating income	72,247,422	(1,445,759)	-	-	-	-	-	2,729,576	73,531,239
Share of results of associates, net	13,430,069	-	-	-	-	-	-	-	13,430,069
Investments income	128,516,808	-	-	-	-	(6,412,131)	-	-	122,104,677
Finance income from investment at amortized cost	-	-	-	-	1,071,871	6,412,131	-	-	7,484,002
Finance costs	(9,034,136)	-	-	-	-	-	-	-	(9,034,136)
Other income, net	10,841,352	-	-	-	-	-	-	(2,729,576)	8,111,776
Impairment of investment properties	(11,000)	-	-	-	-	-	-	-	(11,000)
Profit before zakat	215,990,515	(1,445,759)	-	-	1,071,871	-	-	-	215,616,627
Zakat for the year	(14,252,395)	-	-	-	-	-	-	-	(14,252,395)
Net profit for the year	201,738,120	(1,445,759)	-	-	1,071,871	-	-	-	201,364,232
Other comprehensive income									
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:									
Re-measurement of employees' defined benefits liabilities	(472,081)	-	-	-	-	-	-	-	(472,081)
Change in fair value of investments in equity instruments through other comprehensive income	(21,578,495)	-	-	-	-	-	45,340,502	-	23,762,007
Other comprehensive income for the year	(22,050,576)	-	-	-	-	-	45,340,502	-	23,289,926
Total comprehensive income for the year	179,687,544	(1,445,759)	-	-	1,071,871	-	45,340,502	-	224,654,158
Basic and diluted earnings per share	2.69	(0.02)	-	-	0.01	-	-	-	2.68
Weighted average number of outstanding shares	75,000,000	-	-	-	-	-	-	-	75,000,000

39 RESTATEMENTS (continued)

Impact of adjustments to statement of changes in equity for the year ended 31 December 2021

	Share capital	Statutory reserve	Retained earnings	Unrealized gains from investments at (FVTOCI)	31 December 2021 Restated
Balance at 1 January 2021 (As issued))	750,000,000	225,000,000	44,448,445	545,958,651	1,565,407,096
Restatement 6	-	-	27,389,468	-	27,389,468
Restatement 10	-	-	(457,471)	-	(457,471)
Restatement 11			(4,837)		(4,837)
Restatement 13	-	-	71,664,900	(58,749,635)	12,915,265
Balance at 1 January 2021 (Restated)	750,000,000	225,000,000	143,040,505	487,209,016	1,605,249,521
Net profit for the year (Restated)	-	-	201,364,232	-	201,364,232
Other comprehensive (loss)/income	-	-	(472,081)	23,762,007	23,289,926
Total comprehensive income for the year (Restated)	-	-	200,892,151	23,762,007	224,654,158
Declared dividends	-	-	(93,750,003)	-	(93,750,003)
Balance as at 31 December 2021 (Restated)	750,000,000	225,000,000	250,182,653	510,971,023	1,736,153,676

39 RESTATEMENTS (continued)

Impact of adjustments to statement of cash flows for the year ended 31 December 2021

	31 December 2021 As issued	Restatement 4	Restatement 9	Restatement 11	Restatement 12	Restatement 15	31 December 2021 Restated
OPERATING ACTIVITIES							
Income before zakat	215,990,515	(1,445,759)	-	1,071,871	-	-	215,616,627
Adjustments to reconcile profit before zakat to net cash flows:							
Depreciation of property, plant and equipment	84,112,793	-	-	-	-	-	84,112,793
Amortisation of intangible assets	9,599,576	-	-	-	-	-	9,599,576
Depreciation of right-of-use assets	1,906,474	-	-	-	-	-	1,906,474
Finance cost of lease liabilities	201,260	-	-	-	-	-	201,260
Share in results of associates	(13,430,069)	-	-	-	-	-	(13,430,069)
Gain on disposal of property, plant and equipment	(511,907)	-	-	-	-	-	(511,907)
Provision for expected credit losses	(1,337,985)	-	-	-	-	-	(1,337,985)
Provision for employees defined benefits liabilities	15,228,640	-	-	-	-	-	15,228,640
Amortisation of prepaid upfront fees on term loan	5,702,486	-	-	-	-	-	5,702,486
Follow up fees of term loan	3,130,390	-	-	-	-	-	3,130,390
Provision for replacing cylinders and others	978,443	-	-	-	-	-	978,443
Impairment on investments properties	11,000	-	-	-	-	-	11,000
Change in fair value of investments at FVTPL	(23,692,705)	-	-	-	-	-	(23,692,705)
Dividends received from investments at FVTOCI	(88,667,197)	-	-	-	4,793,080	-	(83,874,117)
Finance income from investment at amortized cost	(1,619,051)	-	-	(1,071,871)	(4,793,080)	-	(7,484,002)
Rent income from investment properties	(13,730,772)	-	-	-	-	-	(13,730,772)
Finance income from Short-term Murabaha time deposits	(807,083)	-	-	-	-	-	(807,083)
	193,064,808	(1,445,759)	-	-	-	-	191,619,049
Working capital adjustments:					-		
Inventories	(3,462,567)	-	-	-	-	-	(3,462,567)
Accounts receivable, net	15,670,355	-	-	-	-	-	15,670,355
Prepayments and other current assets	(11,615,870)	-	-	-	-	-	(11,615,870)
Financial assets at FVPL	-	-	-	-	-	4,037,027	4,037,027
Trade payables	15,316,455	1,445,759	-	-	-	-	16,762,214
Accrued expenses and other current liabilities	(46,868,659)	-	-	-	-	-	(46,868,659)
	162,104,522	-	-	-	-	4,037,027	166,141,549
Zakat paid	(12,316,761)	-	-	-	-	-	(12,316,761)
Employees defined benefits liabilities paid	(23,744,766)	-	-	-	-	-	(23,744,766)
Net cash generated from operating activities	126,042,995	-	-	-	-	4,037,027	130,080,022

39 RESTATEMENTS (continued)

Impact of adjustments to statement of cash flows for the year ended 31 December 2021

	31 December 2021 As issued	Restatement 4	Restatement 9	Restatement 11	Restatement 12	Restatement 15	31 December 2021 Restated
INVESTING ACTIVITIES							
Additions of property, plant and equipment	(168,069,658)	-	-	-	-	-	(168,069,658)
Additions of intangible assets	(7,431,528)	-	-	-	-	-	(7,431,528)
Purchase of investments held at amortised cost	(116,500,000)	-	-	-	-	-	(116,500,000)
Purchase of investments at FVTPL	(962,973)	-	-	-	-	962,973	-
Proceeds from selling of investments at FVTPL	5,000,000	-	-	-	-	(5,000,000)	-
Proceeds from disposal of property, plant and equipment	2,601,807	-	-	-	-	-	2,601,807
Dividends received from associates	5,775,000	-	-	-	-	-	5,775,000
Dividends received from investments at FVTOCI	88,667,197	-	-	-	(4,383,335)	-	84,283,862
Purchase of investments at FVTOCI	(961,640)	-	961,640	-	-	-	-
Finance income from investment at amortized cost	1,619,051	-	-	-	4,383,335	-	6,002,386
Rent income from investment properties	13,730,772	-	-	-	-	-	13,730,772
Finance income from short-term Murabaha time deposits	807,083	-	-	-	-	-	807,083
Net cash used in investing activities	(175,724,889)	-	961,640	-	-	(4,037,027)	(178,800,276)
FINANCING ACTIVITIES							
Lease liabilities paid	(478,500)	-	-	-	-	-	(478,500)
Repayments of term loan	(69,000,000)	-	-	-	-	-	(69,000,000)
Dividends paid	(92,413,565)	-	-	-	-	-	(92,413,565)
Follow up fees on term loan paid	(3,130,390)	-	-	-	-	-	(3,130,390)
Net cash used in financing activities	(165,022,455)	-	-	-	-	-	(165,022,455)
Net decrease in cash and cash equivalents	(214,704,349)	-	961,640	-	-	-	(213,742,709)
Cash and cash equivalents at the beginning of the year	277,111,158	-	-	-	-	-	277,111,158
Cash and cash equivalents at the end of the year	62,406,809	-	961,640	-	-	-	63,368,449

40 APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on 28 Sha'ban 1444H (corresponding to 20 March 2023).