

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AND REVIEW REPORT FOR THE THREE AND NINE MONTH
PERIODS ENDED 30 SEPTEMBER 2023 (UNAUDITED)**

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Financial Statements
For the nine month period ended 30 September 2023

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Report on review of interim condensed consolidated financial statements

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Gas and Industrialization Company (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 September 2023 and the related interim condensed consolidated statement of comprehensive income for the three and nine month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the nine month period then ended and other explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - “Interim Financial Reporting” (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers

Ali A. Alotaibi
License Number 379


12 November 2023




National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Statement of Financial Position
As of 30 September 2023

		30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
	<i>Note</i>		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	799,863,766	787,307,203
Intangible assets		41,333,333	36,478,800
Investment properties		33,442,174	33,442,174
Right-of-use assets	5.1	16,372,433	19,723,178
Investments in associates	6	89,114,631	89,759,775
Financial assets held at fair value through other comprehensive income (FVTOCI)	7	644,136,793	654,995,718
Financial assets held at amortised cost		240,475,477	184,016,184
TOTAL NON-CURRENT ASSETS		1,864,738,607	1,805,723,032
CURRENT ASSETS			
Financial assets held at fair value through profit or loss (FVTPL)	8	108,523,078	132,356,596
Financial assets held at amortised cost		19,025,978	30,000,000
Inventories		205,128,865	163,392,965
Accounts receivable	9	48,159,614	30,774,861
Prepayments and other current assets	10	96,740,762	60,405,421
Cash and cash equivalents	11	80,159,088	175,851,736
TOTAL CURRENT ASSETS		557,737,385	592,781,579
TOTAL ASSETS		2,422,475,992	2,398,504,611
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1	750,000,000	750,000,000
Statutory reserve		225,000,000	225,000,000
Retained earnings		400,650,483	295,832,196
Share of other comprehensive loss from associates	6	(96,875)	-
Unrealised gains from financial assets held at fair value through other comprehensive income (FVTOCI)		457,115,069	464,131,324
TOTAL EQUITY		1,832,668,677	1,734,963,520
LIABILITIES			
NON-CURRENT LIABILITIES			
Term loan	12	24,592,045	72,725,235
Lease liabilities	5.2	11,443,178	14,956,815
Employees' defined benefits liabilities	13	121,733,009	110,957,000
TOTAL NON-CURRENT LIABILITIES		157,768,232	198,639,050
CURRENT LIABILITIES			
Trade payable		188,897,641	215,972,941
Lease liabilities	5.2	7,002,686	5,250,910
Accrued expenses and other current liabilities	14	143,571,052	153,370,586
Term loan	12	49,500,000	-
Zakat payable	15	43,067,704	90,307,604
TOTAL CURRENT LIABILITIES		432,039,083	464,902,041
TOTAL LIABILITIES		589,807,315	663,541,091
TOTAL EQUITY AND LIABILITIES		2,422,475,992	2,398,504,611

The accompanying notes 1 to 26 form an integral part of these interim condensed consolidated financial statements.


Mr. Majed Ahmed Qwaider
Chief Financial Officer


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

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

Interim Condensed Consolidated Statement of Comprehensive Income
For the three and nine month periods ended 30 September 2023

	Note	For the three month period ended 30 September		For the nine month period ended 30 September	
		2023 (Unaudited) SR	2022 (Unaudited - Restated note 25) SR	2023 (Unaudited) SR	2022 (Unaudited - Restated note 25) SR
Revenues	16	609,613,758	512,725,937	1,791,984,875	1,509,015,271
Cost of revenues		(532,435,790)	(450,238,311)	(1,551,804,739)	(1,297,967,273)
Gross profit		77,177,968	62,487,626	240,180,136	211,047,998
Selling and distribution expenses		(13,720,199)	(15,608,556)	(48,197,203)	(58,479,358)
General and administrative expenses		(31,279,208)	(24,822,660)	(81,685,067)	(74,271,226)
Provision for expected credit losses		(298,335)	(3,605,691)	(504,299)	(890,252)
Operating income		31,880,226	18,450,719	109,793,567	77,407,162
Investments income	17	15,282,749	22,482,169	63,375,022	68,603,017
Finance income		3,818,083	2,454,332	10,214,084	8,856,258
Finance costs		(1,028,685)	(1,653,582)	(2,980,463)	(5,217,871)
Share of results from associates	6	2,319,413	235,608	5,875,884	525,997
Other income, net	18	8,546,034	18,610,888	9,239,112	20,028,804
Income before zakat		60,817,820	60,580,134	195,517,206	170,203,367
Zakat for the period		(3,600,000)	(3,600,000)	(10,800,000)	(10,814,299)
Net income for the period		57,217,820	56,980,134	184,717,206	159,389,068
Other comprehensive income					
<i>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:</i>					
Re-measurement gain / (loss) on employees' defined benefits liabilities		1,733,861	4,749,376	(4,160,059)	16,364,136
Share of other comprehensive loss from associates	6	(44,510)	-	(96,875)	-
Change in fair value of financial assets held at fair value through other comprehensive income		(42,263,427)	(20,908,774)	(7,755,115)	(101,282,700)
Other comprehensive loss for the period		(40,574,076)	(16,159,398)	(12,012,049)	(84,918,564)
Total comprehensive income for the period		16,643,744	40,820,736	172,705,157	74,470,504
Weighted average number of outstanding shares		75,000,000	75,000,000	75,000,000	75,000,000
Basic and diluted earnings per share	19	0.76	0.76	2.46	2.13

The accompanying notes 1 to 26 form an integral part of these interim condensed consolidated financial statements.

Mr. Majed Ahmed Qwaider
Chief Financial Officer


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


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

Interim Condensed Consolidated Statement of Changes in Equity
For the nine month period ended 30 September 2023

	Share capital SR	Statutory reserve SR	Retained earnings SR	Share of other comprehensive loss from associates SR	Unrealised gains from financial assets held at fair value through other comprehensive income (FVTOCI) SR	Total equity SR
Balance as of 1 January 2023 (Audited)	750,000,000	225,000,000	295,832,196	-	464,131,324	1,734,963,520
Net income for the period	-	-	184,717,206	-	-	184,717,206
Other comprehensive loss	-	-	(4,160,059)	(96,875)	(7,755,115)	(12,012,049)
Total comprehensive income / (loss) for the period	-	-	180,557,147	(96,875)	(7,755,115)	172,705,157
Realised loss transferred to retained earnings	-	-	(738,860)	-	738,860	-
Declared dividends (note 20)	-	-	(75,000,000)	-	-	(75,000,000)
Balance as of 30 September 2023 (Unaudited)	750,000,000	225,000,000	400,650,483	(96,875)	457,115,069	1,832,668,677
Balance as of 1 January 2022 (Audited)	750,000,000	225,000,000	250,182,653	-	510,971,023	1,736,153,676
Net income for the period	-	-	159,389,068	-	-	159,389,068
Other comprehensive income / (loss) (Restated note 25)	-	-	16,364,136	-	(101,282,700)	(84,918,564)
Total comprehensive income / (loss) for the period (Restated note 25)	-	-	175,753,204	-	(101,282,700)	74,470,504
Declared dividends (note 20)	-	-	(120,000,000)	-	-	(120,000,000)
Balance as of 30 September 2022 (Unaudited - Restated note 25)	750,000,000	225,000,000	305,935,857	-	409,688,323	1,690,624,180

The accompanying notes 1 to 26 form an integral part of these interim condensed consolidated financial statements.


Mr. Majed Ahmed Qwaider
Chief Financial Officer


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

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Statement of Cash Flows
For the nine month period ended 30 September 2023

		30 September 2023 (Unaudited) SR	30 September 2022 (Unaudited – Restated note 25) SR
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before zakat		195,517,206	170,203,367
<i>Adjustments to reconcile profit before zakat to net cash flows:</i>			
Depreciation of property, plant and equipment	22	69,486,364	73,127,224
Amortisation of intangible assets	22	9,389,658	8,413,757
Depreciation of right-of-use assets	5.2, 22	3,481,583	4,775,539
Finance costs of lease liabilities	5.2	424,878	646,060
Share of results from associates		(5,926,731)	(525,997)
Gain on disposal of property, plant and equipment	18	(4,447,937)	(19,691,128)
Provision for expected credit losses	22	504,299	890,252
Provision for employees' defined benefits liabilities		10,554,767	10,920,994
Amortisation of prepaid upfront fees on term loan		1,366,811	2,952,282
Follow up fees of term loan		1,188,774	2,218,995
Provision for slow moving inventories		2,665,102	4,037,712
Provision for replacing cylinders and others		1,774,181	238,826
Change in fair value of financial assets held at fair value through profit or loss	17	(18,613,182)	218,798
Dividends income received from financial assets held at fair value through other comprehensive income	17	(35,668,968)	(58,968,106)
Finance income		(10,214,084)	(8,856,258)
		221,482,721	190,602,317
Changes in working capital:			
Inventories		(46,175,183)	12,572,916
Accounts receivable		(17,889,052)	(2,438,758)
Prepayments and other current assets		(35,460,341)	(25,302,520)
Financial assets held at fair value through profit or loss		15,960,495	-
Trade payable		(27,075,300)	21,594,314
Accrued expenses and other current liabilities		(9,482,408)	18,658,685
		101,360,932	215,686,954
Zakat paid	15	(58,039,900)	(12,437,745)
Employees' defined benefits liabilities paid	13	(4,062,059)	(16,773,102)
Net cash generated from operating activities		39,258,973	186,476,107
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets held at amortised cost		(45,485,271)	(45,100,831)
Proceeds from disposal of financial assets held at amortised cost		-	107,500,000
Finance income received		10,214,084	8,856,258
Additions to property, plant and equipment		(82,924,189)	(115,873,580)
Additions to intangible assets		(13,164,629)	(8,751,555)
Proceeds from disposal of property, plant and equipment		4,372,878	22,005,188
Proceeds from disposal financial assets held at fair value through profit or loss		26,486,205	-
Proceeds from disposal financial assets held at fair value through other comprehensive income		3,103,810	-
Dividends income received from financial assets held at fair value through other comprehensive income		35,668,968	58,968,106
Dividends income received from associates		5,600,000	-
Net cash (used in) generated from investing activities		(56,128,144)	27,603,586
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(75,317,126)	(118,404,097)
Principal element of lease payments		(2,079,027)	(3,364,150)
Finance costs element of lease payments		(238,550)	(468,245)
Follow up fees on term loan paid		(1,188,774)	(2,218,995)
Net cash used in financing activities		(78,823,477)	(124,455,487)
Net change in cash and cash equivalents		(95,692,648)	89,624,206
Cash and cash equivalents at the beginning of the period		175,851,736	63,368,449
Cash and cash equivalents at the end of the period		80,159,088	152,992,655
NON-CASH TRANSACTIONS:			
Change in fair value of financial assets held at fair value through other comprehensive income		(7,755,115)	(101,282,700)
Additions to right-of-use assets and the corresponding lease liabilities		(130,838)	(24,157,538)
Property, plant and equipment transferred to intangible assets		1,079,562	-
Current service cost charge to capital work in progress		123,242	-

The accompanying notes 1 to 26 form an integral part of these interim condensed consolidated financial statements.

Mr. Majed Ahmed Qwaider
Chief Financial Officer

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

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

Notes to the Interim Condensed Consolidated Financial Statements
For the nine month period ended 30 September 2023

1 CORPORATE INFORMATION

A) ESTABLISHMENT OF THE COMPANY

National Gas and Industrialization Company (the "Company") is a Saudi joint stock company. The Company is registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010002664 dated 22 Rajab 1383H (corresponding to 9 December 1963). The share capital of the Company amounts to SR 750 million and is divided into 75 million shares of SR 10 each. As of 30 September 2023, the Public Investment Fund owns Nil (31 December 2022 and 30 September 2022: 10.91%), Mr. Abdulaziz Abdulrahman Al-Mohsen owns 6.66% (31 December 2022 and 30 September 2022: 6.66%) of the total Company's shares, and the remaining shares are publicly traded.

The Company was established in accordance with the Royal Decree No. 713 dated 03/12/1380H (corresponding to 19 May 1961), to merge the Saudi Gas and Manufacturing Company and National Gas Company with the approval of the General Assembly of both companies, under the letter of H.H. the Minister of Commerce No. 2843/H dated 01/01/1381H (corresponding to 15 June 1961), and the actual merge commenced in 1383H. Later to this date on 13/06/1384H (corresponding to 20 October 1964), the Council of Ministers Decree No. 820 was issued to merge all the entities involved in gas activities in the Kingdom of Saudi Arabia into the National Gas and Industrialization Company. The Council of Ministers resolution No. 1615 dated 14/11/1395H (corresponding to 18 November 1975), determined the Company's share capital and the commencement of its activities on 01/01/1396H (corresponding to 3 January 1975), under the industrial license issued by the Ministry of Industry and Mineral Resources No. 659/S dated 09/07/1417H (corresponding to 20 November 1996).

B) GROUP ACTIVITIES

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

The Company has the following branches existed as of 30 September 2023 and 31 December 2022:

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

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

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

Notes to the Interim Condensed Consolidated Financial Statements
For the nine month period ended 30 September 2023

1 CORPORATE INFORMATION (continued)

B) GROUP's ACTIVITIES (continued)

The Group has the following subsidiaries:

Subsidiary	Commercial registration number	Nature of activities	Country of incorporation	Effective shareholding percentage	
				2023	2022
1. Gas Solutions Company	1010693275	Gas networks	Saudi Arabia	100%	100%
2. Best Gas Distributor Company (a)	1010851646	Distribution	Saudi Arabia	100%	-
3. National Carrier Transportation Company (a)	1010851708	Transportation	Saudi Arabia	100%	-
4. National Gas Supply Company (b)	1010882359	Retail sales	Saudi Arabia	100%	-
5. National Storage Company (c)	1010924126	Storage and filling	Saudi Arabia	100%	-

- a) 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 10 November 2022.
- b) In June 2023, the Group has completed the formal procedures of the newly established subsidiary which has been established based on the Board of Directors' approval in its meeting held on 20 June 2023.
- c) In September 2023, the Group has completed the formal procedures of the newly established subsidiary which has been established based on the Board of Directors' approval in its meeting held on 20 June 2023.

As of the approval date of these interim condensed consolidated financial statements, the newly established subsidiaries during 2023 have not started their operations yet, except for National Carrier Transportation Company which commenced its operations in October 2023.

2 BASIC OF PREPARATION

2.1 Statement of compliance

These interim condensed consolidated financial statements for the three and nine month periods ended 30 September 2023 were prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants.

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

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and they must be read in conjunction with the Group's last annual audited financial statements for the year ended 31 December 2022. In addition, the results for the three and nine month periods ended 30 September 2023, are not an accurate indication of the results that can be expected for the fiscal year ending 31 December 2023.

2.2 Judgments, estimates and assumptions

Preparing the interim condensed consolidated financial statements requires management to use certain judgments, estimates and assumptions that affect the application of accounting policies and the amounts presented for assets and liabilities, revenues, and expenses. Actual results may differ from these estimates. The significant judgments taken by management in applying the Group's accounting policies and the main sources of uncertainty estimates are the same as those applied to the annual financial statements for the year ended 31 December 2022.

2 BASIC OF PREPARATION (continued)

2.3 Historical cost convention

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

2.4 Basis of consolidation

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied during the preparation of these interim condensed consolidated financial statements are the same accounting policies applied during the preparation of the annual financial statements of the Group for the year ended 31 December 2022, unless otherwise stated.

New standards and interpretations:

Certain new standards and interpretations have been issued which are effective from 1 January 2023 or later, and have been explained in Group's annual consolidated financial statements, but they do not have a material impact on the Group's interim condensed consolidated financial statements.

4 PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment includes the following:

- a) Two plots of land with an aggregate value of SR 2.7 million (31 December 2022: SR 2.7 million) that have been mortgaged to the Saudi Industrial Development Fund (SIDF) and the process of pledging the remaining five plots of land is under process (note 12).
- b) Capital work in progress amounted to SR 286 million (31 December 2022: SR 262 million) mainly represents projects to develop the Group's stations and to develop production lines in accordance with the Group's needs and the public safety requirements.

The Group has disposed of property, plant and equipment during the period ended 30 September 2023 with a cost of SR 67 million and accumulated depreciation of SR 67 million. As a result, a gain of SR 4.4 million has been included within other income (note 18).

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

Notes to the Interim Condensed Consolidated Financial Statements
For the nine month period ended 30 September 2023

5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Group as a lessee

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

5.1 Right-of-use assets

The Group has certain leases of equipment with lease terms of 12 month 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.

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

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
At the beginning of the period/year	19,723,178	1,494,980
Additions during the period/year	130,838	24,157,538
Depreciation charge for the period/year	(3,481,583)	(5,929,340)
At the end of the period/year	16,372,433	19,723,178

5.2 Lease liabilities

Below are the carrying amounts of lease liabilities recognised and the movements during the period/year:

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
At the beginning of the period/year	20,207,725	2,440,820
Additions during the period/year	130,838	24,157,538
Paid during the period/year	(2,317,577)	(3,832,396)
Finance costs for the period/year	424,878	802,958
Transfer to trade payable during the year*	-	(3,361,195)
At the end of the period/year	18,445,864	20,207,725
Current portion	(7,002,686)	(5,250,910)
Non-current portion	11,443,178	14,956,815

* The amount represents outstanding payments to lessors, which are overdue but not yet paid, therefore reclassified to trade payable.

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

Notes to the Interim Condensed Consolidated Financial Statements
For the nine month period ended 30 September 2023

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

5.2 Lease liabilities (continued)

The following are the amounts recognised in profit or loss:

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2023 (Unaudited) SR	2022 (Unaudited) SR	2023 (Unaudited) SR	2022 (Unaudited) SR
Depreciation expense of right-of-use assets	1,170,704	1,155,437	3,481,583	4,775,539
Finance costs on lease liabilities	136,093	165,091	424,878	646,060
Expense relating to short-term and low-value assets	325,155	78,835	689,668	559,750
Total amount recognised in profit or loss	1,631,952	1,399,363	4,596,129	5,981,349

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

Group as a lessor

The Group has entered into leases contracts on plots of land, which are long term in nature. Rent income recognised by the Group during the period amounting to SR 9 million (30 September 2022: SR 10 million).

6 INVESTMENTS IN ASSOCIATES

Investments in associates comprise the following:

	Ownership percentage		30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
	2023	2022		
Saudi Gas Cylinder Factory Company	37.57%	37.57%	37,816,800	35,979,005
Natural Gas Distribution Company	35%	35%	19,958,776	19,966,262
East Gas Company	35%	35%	31,339,055	33,814,508
			89,114,631	89,759,775

The movement of investments in associates is as follows:

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
At the beginning of the period/year	89,759,775	87,898,531
Amount recognised in profit or loss		
Share of results from associates	5,875,884	2,875,224
Prior year adjustment	50,847	(138,980)
	5,926,731	2,736,244
Amount recognised in other comprehensive income		
Share of other comprehensive loss from associates	(96,875)	-
Dividends	(6,475,000)	(875,000)
At the end of the period/year	89,114,631	89,759,775

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6 INVESTMENTS IN ASSOCIATES (continued)

The share of results from associates comprises the following:

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2023 (Unaudited) SR	2022 (Unaudited) SR	2023 (Unaudited) SR	2022 (Unaudited) SR
East Gas Company	1,456,848	1,288,145	3,123,602	3,603,605
Natural Gas Distribution Company	265,995	(260,924)	889,429	(184,309)
Saudi Gas Cylinders Factory Company	596,570	(791,613)	1,862,853	(2,893,299)
	2,319,413	235,608	5,875,884	525,997

The figures related to the investments in associates and share of results (including the share of other comprehensive loss from associates) are based on accounts prepared by the respective entities' managements.

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

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

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Investment in equity instruments – unquoted (notes a, b, and c)	584,043,903	591,682,552
Closed REITs	41,310,000	44,295,900
Investments in equity instruments – quoted	18,782,890	15,660,563
Public traded REITs	-	3,356,703
	644,136,793	654,995,718

- The above unquoted investments in equity instruments 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 30 September 2023, using the similar companies' method (Market Method) and the discounted cash flow method (Income Method), respectively.
- During the nine month period ended 30 September 2023, the General Assembly of National Industrial Gases Company, approved distribution of dividends to the shareholders amounting to SR 390 million (30 September 2022: SR 650 million). The Group's share is 9%, equivalent to SR 35.1 million (30 September 2022: SR 58.5 million).
- The significant unobservable inputs used in the fair value measurement of equity instruments categorised within Level 3 of the fair value hierarchy as of 30 September 2023 and 31 December 2022 are as follows:

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

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.

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

Sensitivity analysis

Description	Fair value at		Unobservable inputs	Range of inputs		Sensitivity
	30 September 2023	31 December 2022		30 September 2023	31 December 2022	
National Industrial Gases Company	502,519,478	523,724,000	EV/EBITDA	10.7%	10.55%	Change by +/-1% will change FV increase/decrease by SR 5.6 million (31 December 2022: increase/decrease SR 6 million).
			Discount factor	10%	10%	Change by +/-1% will change FV decrease/increase by SR 636 thousand (31 December 2022: decrease/increase SR 662 thousand).
Arabian United Floating Glass Company	81,524,425	67,958,552	WACC	13.5%	11.8%	Change by +/-1% will change FV by SR decrease SR 659 thousand / increase SR 675 thousand (31 December 2022: decrease SR 725 thousand / increase SR 743 thousand).
			Growth rate	2%	2%	Change by +/-1% will change FV by SR increase / decrease SR 99 thousand (31 December 2022: SR increase SR 137 thousand / decrease SR 136 thousand).
	584,043,903	591,682,552				

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

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

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

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Portfolio of traded securities	108,523,078	93,328,074
Fixed income debt instruments	-	12,542,317
Jadwa Saudi Riyal Murabaha Fund	-	26,486,205
	108,523,078	132,356,596

9 ACCOUNTS RECEIVABLE

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Trade receivables	46,525,789	34,089,837
Other receivables	8,908,939	3,455,839
	55,434,728	37,545,676
Provision for expected credit losses	(7,275,114)	(6,770,815)
	48,159,614	30,774,861

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

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
At the beginning of the period/year	6,770,815	14,783,749
Charge for the period/year	504,299	-
Write off during the year	-	(3,752,528)
Reversal during the year	-	(4,260,406)
At the end of the period/year	7,275,114	6,770,815

10 PREPAYMENTS AND OTHER CURRENT ASSETS

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Advances to suppliers and contractors	33,806,863	10,711,081
Accrued rent income	27,185,691	27,941,704
Prepaid expenses	18,116,145	5,884,917
Value added tax receivable	11,508,041	7,518,337
Employees' receivable	4,651,647	4,035,716
Dividends receivable	875,000	-
Insurance claims	218,537	154,984
Others	1,171,018	4,950,862
	97,532,942	61,197,601
Provision for other current assets	(792,180)	(792,180)
	96,740,762	60,405,421

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11 CASH AND CASH EQUIVALENTS

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Cash at banks *	80,159,088	175,851,736
	80,159,088	175,851,736

* Certain accounts held with local banks carried finance income.

12 TERM LOAN

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Principal amount due	76,000,000	119,000,000
Less: repayment	-	(43,000,000)
Less: un-amortised portion of transaction cost	(1,907,955)	(3,274,765)
	74,092,045	72,725,235
Less: current portion	(49,500,000)	-
non-current portion	24,592,045	72,725,235

On 17 Muharram 1440 H (corresponding to 27 September 2018), the Group signed an agreement to obtain a loan from the Saudi Industrial Development Fund (SIDF) amounting to SR 203 million. The loan is for the purpose of developing the filling plants and distribution of gas in all regions with a production capacity of 1,648 thousand tons in all branches of the Group. The terms of the loan span over a tenure of 5 years. The loan carries only an upfront fee amount of SR 16.2 million that was paid at the start of the loan and incur to follow-up charges which are paid on semi-annual basis over the term of the loan. Further, this loan carries certain conditions / covenants, such as maintaining required current asset ratios during the term of the loan and a specific ratio of liabilities to net tangible value. During the period ended 30 September 2023, there has been no non-compliance with any of the covenants. The agreement also contains undertaking pledges of seven plots of land with a total cost of SR 17.6 million; of which the Group has pledged two plots as of the reporting period with a total cost of SR 2.7 million (note 4), and the process of pledging the remaining five plots of land is under process.

13 EMPLOYEES' DEFINED BENEFITS LIABILITIES

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
At the beginning of the period/year	110,957,000	140,600,642
Amount recognised in profit or loss		
Current service cost	6,515,767	9,736,623
Finance costs	4,039,000	4,457,000
	10,554,767	14,193,623
Amount recognised in other comprehensive income		
Re-measurements gain / (loss) on employees defined benefit liabilities	4,160,059	(26,586,020)
Current service cost charge to capital work in progress	123,242	113,377
Paid during the period/year	(4,062,059)	(17,364,622)
At the end of the period/year	121,733,009	110,957,000

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13 EMPLOYEES' DEFINED BENEFITS LIABILITIES (continued)

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

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

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Discount rate	4.7%	4.9%
Future salary increases	4%	4%
Retirement age	60	60
Turnover rate	1% - 25%	1% - 25%

Sensitivity analysis

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

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Discount rate		
Increase 1%	(11,500,000)	(10,469,000)
Decrease 1 %	13,485,000	11,923,000
The future increase in the salaries		
Increase 1%	13,443,000	11,910,000
Decrease 1%	(11,675,000)	(10,645,000)

14 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Dividends payable	43,320,171	43,637,296
Advance from customers	38,823,068	41,924,643
Accrued expenses and other liabilities	37,096,149	39,890,563
Accrued employees' benefits	16,405,656	17,111,930
Cash deposits from customers	2,917,816	2,960,775
Board of Directors and committees' remunerations	2,639,846	3,505,057
Others	2,368,346	4,340,322
	143,571,052	153,370,586

15 ZAKAT PAYABLE

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
At the beginning of the period/year	90,307,604	87,695,349
Charge for the period/year	10,800,000	15,050,000
Paid during the period/year	(58,039,900)	(12,437,745)
At the end of the period/year	43,067,704	90,307,604

15 ZAKAT PAYABLE (continued)

Status of assessments

The Group obtained final assessment for zakat until the end of the year 2010 and for the years 2014 and 2016 until 2018.

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 40.3 million. 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 (SR 35.5 million). During the current period, the Group received the final outcome from the Appeal Committee for the mentioned assessments amounted to SR 34.6 million, stating the rejection of the appeal filed by the Group, which resulted in a settlement of the amount.
- The second case No. 58673-2021-z of 2015 (SR 4.8 million), 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 subject to the technical assessment 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 the year 2022 this case was divided into two different cases:

- The first case No. 127671-2022-z for the year 2019, where some of the objected items that were rejected by the Adjudication Committee have been transferred to the Appeal Committee with No. 177650-2023-z to appeal the rejected items. Which is currently in the appeal stage and subject to legal assessment with The General Secretariat of the Tax Committee.
- The second case No. 127674-2022-z for the year 2020, where some of the objected items that were rejected by the Adjudication Committee have been transferred to the Appeal Committee with No. 180587-2023-z to appeal the rejected items. Which is currently in the appeal stage subject to legal assessment with The General Secretariat of the Tax Committee.

2021 and 2022 status:

The Group has submitted its consolidated zakat returns for the years 2021 and 2022, and the assessments have not yet been raised by ZATCA up to the date of the approval of these interim condensed consolidated financial statements.

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16 REVENUES

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2023 (Unaudited) SR	2022 (Unaudited – Restated note 25) SR	2023 (Unaudited) SR	2022 (Unaudited – Restated note 25) SR
Gas sales	555,565,960	479,963,852	1,672,017,441	1,408,604,370
Gas cylinders and tanks, and extension parts' sales	30,776,628	27,598,969	72,143,105	77,685,131
Service, transportation and installation revenue	8,869,472	4,655,984	19,164,649	12,289,325
Scrap Sales	160,137	173,682	2,215,044	7,353,234
Other commercial projects	14,241,561	333,450	26,444,636	3,083,211
	609,613,758	512,725,937	1,791,984,875	1,509,015,271

17 INVESTMENTS INCOME

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2023 (Unaudited) SR	2022 (Unaudited – Restated note 25) SR	2023 (Unaudited) SR	2022 (Unaudited – Restated note 25) SR
Dividends income from FVTOCI	11,944,392	18,156,028	35,668,968	58,968,106
Rent income from investment properties	2,871,939	3,053,635	9,092,872	9,853,709
Change in fair value of FVTPL	466,418	1,272,506	18,613,182	(218,798)
	15,282,749	22,482,169	63,375,022	68,603,017

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18 OTHER INCOME, NET

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2023 (Unaudited) SR	2022 (Unaudited – Restated note 25) SR	2023 (Unaudited) SR	2022 (Unaudited – Restated note 25) SR
Gain on disposal of property, plant, and equipment	4,298,018	19,606,541	4,447,937	19,691,128
Foreign currency exchange differences	(607,123)	(1,390,138)	(441,887)	(1,284,420)
Others	4,855,139	394,485	5,233,062	1,622,096
	8,546,034	18,610,888	9,239,112	20,028,804

19 EARNINGS PER SHARE

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

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2023 (Unaudited) SR	2022 (Unaudited – Restated note 25) SR	2023 (Unaudited) SR	2022 (Unaudited – Restated note 25) SR
Net income for the period	57,217,820	56,980,134	184,717,206	159,389,068
Weighted average number of outstanding shares	75,000,000	75,000,000	75,000,000	75,000,000
Basic and diluted earnings per share	0.76	0.76	2.46	2.13

20 DIVIDENDS

The Company's Board of Directors decided on 2 Dhul-Hijjah 1444H (corresponding to 20 June 2023), to distribute interim cash dividends to the shareholders for the first half of 2023 of SR 1 per share, amounting to SR 75 million in accordance with the authorisation granted by the Ordinary General Assembly held on 3 May 2023, which have been distributed to the shareholders in July 2023 (2022: the Company's Board of Directors decided on 20 Sha'ban 1443H (corresponding to 23 March 2022), to distribute interim cash dividends to shareholders for the second half of 2021 of SR 0.75 per share, amounting to SR 56.3 million in accordance with the authorisation granted by the Ordinary General Assembly held on 23 June 2021, which have been distributed to the shareholders in April 2022 and (the Company'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, which was distributed to the shareholders in September 2022).

21 COMMITMENTS AND CONTINGENCIES

Contingencies

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

Guarantees and letters of credit

The Group has submitted a bank guarantee to ZATCA amounting to SR 39 million (31 December 2022: SR 39 million) relating to the Group's zakat assessments for the years from 2005 to 2007, which was released in October 2023. During 2021, the Group has further submitted a bank guarantee to ZATCA amounted to SR 6 million for 50% of the total amount relating to the Group's zakat assessments for the years 2019 and 2020 (note 15).

The Group has submitted a bank guarantee to Saudi Arabian Oil Company ("Saudi Aramco") amounting to SR 280 million (31 December 2022: SR 280 million) relating to the supply of liquefied gas products.

The Group has other outstanding letters of guarantees as of 30 September 2023 amounting to SR 8.9 million (31 December 2022: SR 10.9 million).

The Group has outstanding letters of credit as of 30 September 2023 amounting to SR 15.5 million (31 December 2022: SR 24.8 million).

Guarantees related to an investee

The Group also has an outstanding guarantee for a loan granted by the Saudi Industrial Development Fund to Arabian United Float Glass Company (investee FVTOCI) amounting to SR 8 million as of 30 September 2023 (31 December 2022: SR 21.4 million).

Commitments

As of 30 September 2023, the Group has commitments of SR 110 million (31 December 2022: SR 146.5 million) related to capital work in progress under property, plant and equipment and intangible assets.

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22 OPERATING SEGMENTS

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

	Central region SR	Western region SR	Eastern region SR	Southern region SR	Gas Solutions Company SR	Eliminations SR	Total SR
30 September 2023 (Unaudited)							
Revenues	635,684,557	613,238,431	289,784,979	208,994,090	47,296,191	(3,013,373)	1,791,984,875
Cost of revenues	(528,877,620)	(514,915,736)	(235,553,099)	(179,880,965)	(27,054,036)	3,013,373	(1,483,268,083)
Depreciation and amortisation of assets	(28,086,306)	(30,032,295)	(9,956,741)	(10,587,825)	(212,855)	-	(78,876,022)
Depreciation of right-of-use assets	(1,140,942)	(1,379,917)	(484,410)	(476,314)	-	-	(3,481,583)
Selling and distribution expenses	(15,588,098)	(12,819,146)	(5,536,020)	(4,152,502)	(1,878,292)	-	(39,974,058)
General and administrative expenses	(25,890,758)	(24,976,551)	(11,802,635)	(8,512,108)	(4,905,211)	-	(76,087,263)
Provision for expected credit losses	(229,918)	(118,048)	(136,161)	(20,172)	-	-	(504,299)
Operating income	35,870,915	28,996,738	26,315,913	5,364,204	13,245,797	-	109,793,567

30 September 2023 (Unaudited)

Total operating assets	785,843,580	295,063,280	69,271,433	98,152,746	46,803,788	(7,376,966)	1,287,757,861
Total operating liabilities	(255,605,074)	(128,572,734)	(46,040,254)	(32,072,379)	(17,734,091)	7,376,966	(472,647,566)

	Central region SR	Western region SR	Eastern region SR	Southern region SR	Gas Solutions Company SR	Eliminations SR	Total SR
30 September 2022 <i>(Unaudited - Restated note 25)</i>							
Revenues	545,158,741	512,113,947	241,342,816	183,179,226	37,405,185	(10,184,644)	1,509,015,271
Cost of revenues	(444,843,138)	(424,370,565)	(192,123,066)	(152,665,497)	(23,061,556)	10,184,644	(1,226,879,178)
Depreciation and amortisation of assets	(27,679,315)	(32,553,768)	(10,522,645)	(10,708,400)	(76,853)	-	(81,540,981)
Depreciation of right-of-use assets	(1,235,863)	(2,000,444)	(910,078)	(629,154)	-	-	(4,775,539)
Selling and distribution expenses	(18,207,851)	(15,520,174)	(5,598,453)	(5,593,178)	(2,863,543)	-	(47,783,199)
General and administrative expenses	(24,839,875)	(23,334,214)	(10,996,664)	(8,346,469)	(2,221,738)	-	(69,738,960)
Provision for expected credit losses	(400,970)	(213,304)	(240,368)	(35,610)	-	-	(890,252)
Operating income	27,951,729	14,121,478	20,951,542	5,200,918	9,181,495	-	77,407,162

31 December 2022 (Audited)

Total operating assets	836,272,628	246,711,148	89,011,983	73,626,999	32,530,434	(4,219,028)	1,273,934,164
Total operating liabilities	(280,215,236)	(123,399,587)	(37,481,320)	(47,270,710)	(16,360,427)	4,219,028	(500,508,252)

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22 OPERATING SEGMENTS (continued)

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

The revenue information above is based on the regional location of the customers. Segment revenue reported above represents revenue generated from external customers. There was a revenue between the parent company and its subsidiary of SR 3,013,373 for the period ended 30 September 2023 (30 September 2022: SR 10,184,643) which was eliminated at consolidation. No single customer contributed 10% or more to the Group's revenues. Zakat provision, term loan and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis.

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

Reconciliation of profit

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2023 (Unaudited) SR	2022 (Unaudited - Restated note 25) SR	2023 (Unaudited) SR	2022 (Unaudited - Restated note 25) SR
Segment				
operating income	31,880,226	18,450,719	109,793,567	77,407,162
Investments income	15,282,749	22,482,169	63,375,022	68,603,017
Finance income	3,818,083	2,454,332	10,214,084	8,856,258
Finance costs	(1,028,685)	(1,653,582)	(2,980,463)	(5,217,871)
Share of results from associates	2,319,413	235,608	5,875,884	525,997
Other income, net	8,546,034	18,610,888	9,239,112	20,028,804
Zakat	(3,600,000)	(3,600,000)	(10,800,000)	(10,814,299)
Net income for the period	57,217,820	56,980,134	184,717,206	159,389,068

Reconciliation of assets

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Segment operating assets	1,287,757,861	1,273,934,164
Investments in associates	89,114,631	89,759,775
Financial assets held at fair value through other comprehensive income (FVTOCI)	644,136,793	654,995,718
Financial assets held at amortised cost	259,501,455	214,016,184
Financial assets held at fair value through profit or loss (FVTPL)	108,523,078	132,356,596
Investment properties	33,442,174	33,442,174
Total assets	2,422,475,992	2,398,504,611

22 OPERATING SEGMENTS (continued)

Reconciliation of liabilities

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Segment operating liabilities	472,647,566	500,508,252
Term loan	74,092,045	72,725,235
Zakat payable	43,067,704	90,307,604
Total liabilities	589,807,315	663,541,091

23 RELATED PARTY TRANSACTIONS AND BALANCES

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

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

Name	Relationship
Saudi Gas Cylinder Factory Company	Associate

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

	For the nine month period ended 30 September 2023 (Unaudited) SR	2022 (Unaudited) SR
Purchases of gas cylinders and tanks	61,118,599	14,496,958

- c) Amounts due to related parties

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Saudi Gas Cylinder Factory Company	13,598,509	22,055,112

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

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23 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

d) Key management personnel compensation

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

	For the nine month period ended 30 September	
	2023 (Unaudited) SR	2022 (Unaudited) SR
Key management personnel salaries and benefits – short term	11,843,574	10,473,821
Board of directors' members remunerations	2,640,000	2,250,000
Post-retirement benefits	498,559	384,723
Total	14,982,133	13,108,544

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

24 EVENTS SUBSEQUENT TO THE REPORTING DATE

In the opinion of management, there have been no significant subsequent events that may require adjustments or disclosures in the interim condensed consolidated financial statements other than those disclosed in notes 1 and 15.

25 RESTATEMENTS

In accordance with the requirements of IAS 8 "Accounting policies, changes in accounting estimates and errors", management has restated the comparative figures to adjust prior periods interim condensed consolidated financial statements. The notes below set out the details of adjustments and the line items in the interim condensed consolidated statements of comprehensive income, changes in equity and cash flows:

Restatement 1:

As per IAS 1 paragraph 82, finance income calculated using the effective interest method should be presented on the face of the interim condensed consolidated statement of comprehensive income. However, the finance income for the three and nine month periods ended 30 September 2022 was presented as part of investments income. Accordingly, the management corrected prior periods error amounted to SR 2,454,332 and SR 8,856,258 for the three and nine month periods respectively, in the interim condensed consolidated statements of comprehensive income for the three and nine month periods ended 30 September 2023 and in the interim condensed consolidated statements of cash flows for the nine month period ended 30 September 2023 by restating the comparatives. The details of finance income for the three and nine month periods ended 30 September 2022 are as follows:

	For the three month period SR	For the nine month period SR
Income from Sukuk and short-term murabaha time deposits	1,313,849	4,705,543
Income from financial assets held at amortised cost	719,429	2,910,928
Dividends income from financial assets held at fair value through other comprehensive income	421,054	1,239,787
	2,454,332	8,856,258

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25 RESTATEMENTS (continued)

Restatement 2:

Revenue incurred with respect to sales of scrap amounted to SR 173,682 and SR 7,353,235 for the three and nine month periods ended 30 September 2022, respectively, have been erroneously recorded under other income instead of revenue. Management has reclassified this amount in the interim condensed consolidated statement of comprehensive income for the three and nine month periods ended 30 September 2023 by restating the comparatives.

Restatement 3:

In 2008, management invested in Arabian United Floating Glass Company ("AUGF"). As of 30 September 2022, this unquoted investment at fair value through other comprehensive income has not been subject to revaluation and was fully provided for by the management. In the current period, the management has revalued this investment which resulted in an increase in its fair value by SR 1,222,908 and SR 7,252,770 for the three and nine month periods ended 30 September 2022, respectively. As a result, the management corrected prior periods error in the interim condensed consolidated statement of comprehensive income for the three and nine month periods ended 30 September 2023, and in the interim condensed consolidated statement of changes in equity and cash flows (as non-cash transaction) for the nine month period ended 30 September 2023 by restating the comparatives.

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Notes to the Interim Condensed Consolidated Financial Statements
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25 RESTATEMENTS (continued)

Impact of adjustments on the interim condensed consolidated statement of comprehensive income for the nine month period ended 30 September 2022

	30 September 2022 As issued	Restatement 1	Restatement 2	Restatement 3	30 September 2022 Restated
Revenues	1,501,662,036	-	7,353,235	-	1,509,015,271
Cost of revenues	(1,297,967,273)	-	-	-	(1,297,967,273)
Gross profit	203,694,763	-	7,353,235	-	211,047,998
Selling and distribution expenses	(58,479,358)	-	-	-	(58,479,358)
General and administrative expenses	(74,271,226)	-	-	-	(74,271,226)
Provision for expected credit losses	(890,252)	-	-	-	(890,252)
Operating income	70,053,927	-	7,353,235	-	77,407,162
Investments income	77,459,275	(8,856,258)	-	-	68,603,017
Finance income	-	8,856,258	-	-	8,856,258
Finance costs	(5,217,871)	-	-	-	(5,217,871)
Share of results from associates	525,997	-	-	-	525,997
Other income, net	27,382,039	-	(7,353,235)	-	20,028,804
Income before zakat	170,203,367	-	-	-	170,203,367
Zakat for the period	(10,814,299)	-	-	-	(10,814,299)
Net income for the period	159,389,068	-	-	-	159,389,068
Other comprehensive income					
<u>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:</u>					
Re-measurement gain of employees' defined benefits liabilities	16,364,136	-	-	-	16,364,136
Change in fair value of financial assets held at fair value through other comprehensive income	(108,535,470)	-	-	7,252,770	(101,282,700)
Other comprehensive loss for the period	(92,171,334)	-	-	7,252,770	(84,918,564)
Total comprehensive income for the period	67,217,734	-	-	7,252,770	74,470,504
Weighted average number of outstanding shares	75,000,000	-	-	-	75,000,000
Basic and diluted earnings per share	2.13	-	-	-	2.13

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25 RESTATEMENTS (continued)

Impact of adjustments on the interim condensed consolidated statement of comprehensive income for the three month period ended 30 September 2022

	30 September 2022 As issued	Restatement 1	Restatement 2	Restatement 3	30 September 2022 Restated
Revenues	512,552,255	-	173,682	-	512,725,937
Cost of revenues	(450,238,311)	-	-	-	(450,238,311)
Gross profit	62,313,944	-	173,682	-	62,487,626
Selling and distribution expenses	(15,608,556)	-	-	-	(15,608,556)
General and administrative expenses	(24,822,660)	-	-	-	(24,822,660)
Provision for expected credit losses	(3,605,691)	-	-	-	(3,605,691)
Operating income	18,277,037	-	173,682	-	18,450,719
Investments income	24,936,501	(2,454,332)	-	-	22,482,169
Finance income	-	2,454,332	-	-	2,454,332
Finance costs	(1,653,582)	-	-	-	(1,653,582)
Share of results from associates	235,608	-	-	-	235,608
Other income, net	18,784,570	-	(173,682)	-	18,610,888
Income before zakat	60,580,134	-	-	-	60,580,134
Zakat for the period	(3,600,000)	-	-	-	(3,600,000)
Net income for the period	56,980,134	-	-	-	56,980,134
Other comprehensive income					
<u>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:</u>					
Re-measurement gain of employees' defined benefits liabilities	4,749,376	-	-	-	4,749,376
Change in fair value of financial assets held at fair value through other comprehensive income	(22,131,682)	-	-	1,222,908	(20,908,774)
Other comprehensive loss for the period	(17,382,306)	-	-	1,222,908	(16,159,398)
Total comprehensive income for the period	39,597,828	-	-	1,222,908	40,820,736
Weighted average number of outstanding shares	75,000,000	-	-	-	75,000,000
Basic and diluted earnings per share	0.76	-	-	-	0.76

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For the nine month period ended 30 September 2023

25 RESTATEMENTS (continued)

Impact of adjustments on the interim condensed consolidated statement of changes in equity for the nine month period ended 30 September 2022

	Share capital SR	Statutory reserve SR	Retained earnings SR	Share of other comprehensive loss from associates SR	Unrealised gains from financial assets held at fair value through other comprehensive income (FVTOCI) SR	Total equity SR
Balance as of 1 January 2022 (Audited)	750,000,000	225,000,000	250,182,653	-	510,971,023	1,736,153,676
Net income for the period	-	-	159,389,068	-	-	159,389,068
Other comprehensive income/(loss) (As issued)	-	-	16,364,136	-	(108,535,470)	(92,171,334)
Restatement 3	-	-	-	-	7,252,770	7,252,770
Other comprehensive income / (loss) (Restated)	-	-	16,364,136	-	(101,282,700)	(84,918,564)
Total comprehensive income / (loss) for the period (Restated)	-	-	175,753,204	-	(101,282,700)	74,470,504
Declared dividends (note 20)	-	-	(120,000,000)	-	-	(120,000,000)
Balance as of 30 September 2022 (Restated)	750,000,000	225,000,000	305,935,857	-	409,688,323	1,690,624,180

25 RESTATEMENTS (continued)

Impact of adjustments on the interim condensed consolidated statement of cash flows for the nine month period ended 30 September 2022

	30 September 2022 As issued	Restatement 1	Restatement 3	30 September 2022 Restated
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before zakat	170,203,367	-	-	170,203,367
<i>Adjustments to reconcile profit before zakat to net cash flows:</i>				
Depreciation of property, plant, and equipment	73,127,224	-	-	73,127,224
Amortisation of intangible assets	8,413,757	-	-	8,413,757
Depreciation of right-of-use assets	4,775,539	-	-	4,775,539
Finance costs of lease liabilities	646,060	-	-	646,060
Share of results from associates	(525,997)	-	-	(525,997)
Gain on disposal of property, plant, and equipment	(19,691,128)	-	-	(19,691,128)
Provision of expected credit losses	890,252	-	-	890,252
Provision for employees defined benefits liabilities	10,920,994	-	-	10,920,994
Amortisation of prepaid upfront fees on term loan	2,952,282	-	-	2,952,282
Follow up fees of term loan	2,218,995	-	-	2,218,995
Provision for slow moving inventories	4,037,712	-	-	4,037,712
Provision for replacing cylinders and others	238,826	-	-	238,826
Change in fair value of financial assets held at fair value through profit or loss	218,798	-	-	218,798
Dividends income from financial assets held at fair value through other comprehensive income	(60,207,893)	1,239,787	-	(58,968,106)
Finance income	-	(8,856,258)	-	(8,856,258)
	198,218,788	(7,616,471)	-	190,602,317
Changes in working capital:				
Inventories	12,572,916	-	-	12,572,916
Accounts receivable	(2,438,758)	-	-	(2,438,758)
Prepayments and other current assets	(25,302,520)	-	-	(25,302,520)
Trade payable	21,594,314	-	-	21,594,314
Accrued expenses and other current liabilities	18,658,685	-	-	18,658,685
	223,303,425	(7,616,471)	-	215,686,954
Zakat paid	(12,437,745)	-	-	(12,437,745)
Employees' defined benefits liabilities paid	(16,773,102)	-	-	(16,773,102)
Net cash generated from operating activities	194,092,578	(7,616,471)	-	186,476,107

25 RESTATEMENTS (continued)

Impact of adjustments on the interim condensed consolidated statement of cash flows for the nine month period ended 30 September 2022 (continued)

	30 September 2022			30 September 2022
	As issued	Restatement 1	Restatement 3	Restated
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of financial assets held at amortised cost	(45,100,831)	-	-	(45,100,831)
Proceed from disposal of financial assets held at amortized cost	107,500,000	-	-	107,500,000
Finance income received	-	8,856,258	-	8,856,258
Additions to property, plant and equipment	(115,873,580)	-	-	(115,873,580)
Additions to intangible assets	(8,751,555)	-	-	(8,751,555)
Proceeds from disposal of property, plant, and equipment	22,005,188	-	-	22,005,188
Dividends income received from financial assets held at fair value through other comprehensive income	60,207,893	(1,239,787)	-	58,968,106
Net cash generated from investing activities	19,987,115	7,616,471	-	27,603,586
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(118,404,097)	-	-	(118,404,097)
Principal element of lease payments	(3,364,150)	-	-	(3,364,150)
Finance costs element of lease payments	(468,245)	-	-	(468,245)
Follow up fees on term loan paid	(2,218,995)	-	-	(2,218,995)
Net cash used in financing activities	(124,455,487)	-	-	(124,455,487)
Net change in cash and cash equivalents	89,624,206	-	-	89,624,206
Cash and cash equivalents at the beginning of the period	63,368,449	-	-	63,368,449
Cash and cash equivalents at the end of the period	152,992,655	-	-	152,992,655
NON-CASH TRANSACTIONS:				
Change in fair value of financial assets held at fair value through other comprehensive income	(108,535,470)	-	7,252,770	(101,282,700)
Additions to right-of-use assets and the corresponding lease liabilities	24,157,538	-	-	24,157,538

26 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the Audit Committee in accordance with the authorisation of the Board of Directors on 5 November 2023.