

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

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

**FOR THE THREE MONTH PERIOD ENDED
31 March 2023 (UNAUDITED)**

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three month period ended 31 March 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 at 31 March 2023 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three 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 information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial 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
21 May 2023



National Gas and Industrialization Company
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 31 March 2023

		31 March 2023 (Unaudited)	31 December 2022 (Audited)
	Note	SR	SR
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	4	777,177,374	787,307,203
Intangible assets		36,912,146	36,478,800
Investment properties		33,442,174	33,442,174
Right-of-use assets	5.1	18,567,738	19,723,178
Investments in associates	6	87,387,537	89,759,775
Financial assets held at fair value through other comprehensive income (FVTOCI)	7	723,966,318	654,995,718
Financial assets held at amortised cost		252,291,650	184,016,184
TOTAL NON-CURRENT ASSETS		1,929,744,937	1,805,723,032
CURRENT ASSETS			
Financial assets held at fair value through profit or loss (FVTPL)	8	134,714,807	132,356,596
Financial assets held at amortised cost		30,000,000	30,000,000
Inventories		164,133,716	163,392,965
Accounts receivable	9	34,504,147	30,774,861
Prepayments and other current assets	10	99,170,744	60,405,421
Cash and cash equivalents	11	141,121,131	175,851,736
TOTAL CURRENT ASSETS		603,644,545	592,781,579
TOTAL ASSETS		2,533,389,482	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		363,987,836	295,832,196
Share of other comprehensive loss of associates	6	(183,277)	-
Unrealised gains from investments at fair value through other comprehensive income (FVTOCI)		533,101,924	464,131,324
TOTAL EQUITY		1,871,906,483	1,734,963,520
LIABILITIES			
NON-CURRENT LIABILITIES			
Term loan	12	73,178,014	72,725,235
Lease liabilities	5.2	15,105,466	14,956,815
Employees' defined benefits liabilities	13	118,310,656	110,957,000
TOTAL NON-CURRENT LIABILITIES		206,594,136	198,639,050
CURRENT LIABILITIES			
Trade payables		174,404,256	215,972,941
Lease liabilities	5.2	4,959,112	5,250,910
Accrued expenses and other current liabilities	14	181,617,891	153,370,586
Zakat payable	15	93,907,604	90,307,604
TOTAL CURRENT LIABILITIES		454,888,863	464,902,041
TOTAL LIABILITIES		661,482,999	663,541,091
TOTAL EQUITY AND LIABILITIES		2,533,389,482	2,398,504,611

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



Mr. Majed Ahmed Qwaider
Chief Financial Officer



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

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)**

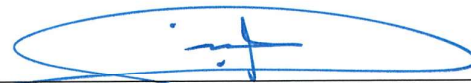
For the three month period ended 31 March 2023

	Note	For the three month period ended 31 March	
		2023 (Unaudited) SR	2022 (Unaudited - Restated note 24) SR
Revenues	16	614,927,634	517,177,062
Cost of revenues		(524,606,961)	(441,531,290)
Gross profit		90,320,673	75,645,772
Selling and distribution expenses		(17,087,801)	(17,173,170)
General and administrative expenses		(22,612,171)	(22,506,259)
Provision for expected credit losses		(205,964)	-
Operating income		50,414,737	35,966,343
Investment income	17	22,779,864	36,831,240
Finance income from investment at amortized cost		2,307,767	3,707,634
Finance costs		(1,110,389)	(1,925,113)
Share of results of associates	6	1,943,604	268,939
Other income, net	18	244,057	1,723,772
Income before zakat		76,579,640	76,572,815
Zakat for the period		(3,600,000)	(3,600,000)
Net income for the period		72,979,640	72,972,815
Other comprehensive income			
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent period:</i>			
Re-measurement (loss)/gain on employees defined benefits liabilities	13	(4,824,000)	8,820,690
Share of other comprehensive loss of associates	6	(183,277)	-
Change in fair value of investments in equity instruments through other comprehensive income		68,970,600	40,549,064
Other comprehensive income for the period		63,963,323	49,369,754
Total comprehensive income for the period		136,942,963	122,342,569
Basic and diluted earnings per share	19	0.97	0.97
Weighted average number of outstanding shares	19	75,000,000	75,000,000

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



Mr. Majed Ahmed Qwaider
Chief Financial Officer



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

National Gas and Industrialization Company
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the three month period ended 31 March 2023

	Share capital SR	Statutory reserve SR	Retained earnings SR	Share of other comprehensive loss of associates SR	Unrealised gains from investments at fair value through other comprehensive income (FVTOCI) SR	Total equity SR
Balance at 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	-	-	72,979,640	-	-	72,979,640
Other comprehensive (loss)/income	-	-	(4,824,000)	(183,277)	68,970,600	63,963,323
Total comprehensive income/(loss) for the period	-	-	68,155,640	(183,277)	68,970,600	136,942,963
Balance as of 31 March 2023 (Unaudited)	750,000,000	225,000,000	363,987,836	(183,277)	533,101,924	1,871,906,483
Balance at 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	-	-	72,972,815	-	-	72,972,815
Other comprehensive income	-	-	8,820,690	-	40,549,064	49,369,754
Total comprehensive income for the period	-	-	81,793,505	-	40,549,064	122,342,569
Declared dividends (note 20)	-	-	(56,250,000)	-	-	(56,250,000)
Balance as at 31 March 2022 (Unaudited - Restated note 24)	750,000,000	225,000,000	275,726,158	-	551,520,087	1,802,246,245

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



Mr. Majed Ahmed Qwaider
Chief Financial Officer



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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three month period ended 31 March 2023

		31 March 2023 (Unaudited)	31 March 2022 (Unaudited - Restated note 24)
	Note	SR	SR
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before zakat		76,579,640	76,572,815
<i>Adjustments to reconcile profit before zakat to net cash flows:</i>			
Depreciation of property, plant and equipment	22	23,417,248	23,949,960
Amortisation of intangible assets	22	2,812,090	2,804,586
Depreciation of right-of-use assets	22	1,155,440	796,363
Finance costs of lease liabilities	5,2	148,650	61,464
Share of results of associates	6	(2,011,039)	(268,939)
Gain on disposal of property, plant and equipment	18	-	(32,569)
Provision for expected credit losses	22	205,964	-
Provision for employees' defined benefits liabilities		3,570,668	3,744,903
Amortisation of prepaid upfront fees on term loan		452,779	1,145,124
Follow up fees of term loan		508,959	718,525
Provision for slow moving inventories		710,666	3,094,735
Provision for replacing cylinders and others		687,435	-
Change in fair value of investments at FVTPL	17	(7,421,164)	(13,561,339)
Dividends income from investments at FVTOCI		(11,862,265)	(18,710,312)
Finance income from investment at amortized cost		(2,307,767)	(3,707,634)
		86,647,304	76,607,682
Changes in working capital:			
Inventories		(2,138,852)	13,999,127
Accounts receivable		(3,935,250)	2,448,166
Prepayments and other current assets		(34,367,323)	(12,381,467)
Financial assets at FVPL		5,062,953	-
Trade payables		(41,860,482)	41,378,582
Accrued expenses and other current liabilities		28,247,306	14,508,534
		37,655,656	136,560,624
Employees' defined benefits liabilities paid		(1,068,000)	(3,162,040)
Net cash generated from operating activities		36,587,656	133,398,584
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments held at amortized cost		(68,275,466)	-
Finance income received from investment at amortized cost		2,307,767	3,707,634
Additions of property, plant and equipment		(13,458,432)	(35,748,830)
Additions of intangible assets		(3,245,436)	(186,301)
Proceeds from disposal of property, plant, and equipment		-	769,986
Addition of investments at FVTOCI		-	(60,050)
Dividends income from investments at FVTOCI		11,862,265	18,710,312
Net cash used in investing activities		(70,809,302)	(12,807,249)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal element of lease payments		-	(1,696,991)
Finance cost element of lease payments		-	(93,109)
Follow up fees on term loan paid		(508,959)	(718,525)
Net cash used in financing activities		(508,959)	(2,508,625)
Net change in cash and cash equivalents		(34,730,605)	118,082,710
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		141,121,131	181,451,159
NON-CASH TRANSACTIONS:			
Current service cost charge to capital work in progress		26,988	8,992
Change in fair value of investments in equity instruments through other comprehensive income		68,970,600	40,549,064
Employees defined benefits liabilities transferred to accrued expenses		-	1,640,508
Lease liabilities transferred to trade payables		(291,797)	-

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

Mr. Majed Ahmed Qwaider
Chief Financial Officer

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three month period ended 31 March 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 31 March 2023, the Public Investment Fund owns 10.91% (31 December 2022 and 31 March 2022: 10.91%), Mr. Abdulaziz Abdulrahman Al-Mohsen owns 6.66% (31 December 2022 and 31 March 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 1st 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:

<i>Sr.</i>	<i>Branch</i>	<i>Commercial registration number</i>	<i>Issuing date</i>
1	Riyadh	1010429687	23/03/1436 H
2	Riyadh	1010672639	23/04/1442 H
3	Riyadh	1010672640	23/04/1442 H
4	Riyadh	1010672641	23/04/1442 H
5	Riyadh	1010681388	04/06/1442 H
6	Dammam	2050001551	07/08/1383 H
7	Buraidah	1131004089	06/04/1402 H
8	Al-Madinah Al-Munawwarah	4650006707	18/03/1402 H
9	Jeddah	4030032503	19/02/1402 H
10	Yanbu	4700003177	07/08/1409 H
11	Khamis Mushait	5855004366	25/12/1402 H
12	Taif	4032007367	20/09/1402 H
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 three month period ended 31 March 2023

1 CORPORATE INFORMATION (continued)

B) GROUP's ACTIVITIES (continued)

The Group has the following subsidiaries:

<i>Subsidiary</i>	<i>Commercial registration number</i>	<i>Country of incorporation</i>	<i>Effective shareholding percentage</i>
Gas Solutions Company	1010693275	Saudi Arabia	100%
Best Gas Distributor Company *	1010851646	Saudi Arabia	100%
National Carrier Transportation Company *	1010851708	Saudi Arabia	100%

* 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. As at the approval date of these interim condensed consolidated financial statements, the subsidiaries have not started their operations.

2 BASIC OF PREPARATION

2.1 Statement of compliance

These interim condensed consolidated financial statements for the three month period ended 31 March 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 month period ended 31 March 2023, are not an accurate indication of the results that can be expected for the fiscal year ending 31 December 2023.

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.

2.2 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") 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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three month period ended 31 March 2023

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.

New Standards and Interpretations:

Certain new standards and interpretations have been issued which are effective from 1 January 2023 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 273 million (31 December 2022: SR 215 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.
- c) The Group has disposed property, plant and equipment during the period ended 31 March 2023 with a cost of SR 3.8 million and accumulated depreciations of SR 3.8 million.

5 RIGHT - OF - USE ASSETS AND LEASE LIABILITIES

Group as a lessee

The Group has lease contracts for various of 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 also 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.

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

	31 March 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	-	24,157,538
Depreciation charge for the period/year	(1,155,440)	(5,929,340)
At the end of the period/year	18,567,738	19,723,178

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three month period ended 31 March 2023

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

5.2 Lease liabilities

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

	31 March 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	-	24,157,538
Paid during the period/year	-	(3,832,396)
Finance costs for the period/year	148,650	802,958
Transfer to trade payable during the period/year*	(291,797)	(3,361,195)
At the end of the period/ year	20,064,578	20,207,725
Current portion	(4,959,112)	(5,250,910)
Non-current portion	15,105,466	14,956,815

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

The following are the amounts recognized in profit or loss:

	For the three month period ended 31 March 2023 (Unaudited) SR	2022 (Unaudited) SR
Depreciation expense of right-of-use assets	1,155,440	5,132,977
Finance costs on lease liabilities	148,650	61,464
Expense relating to short-term leases	107,058	3,183,043
Total amount recognized in profit or loss	1,411,148	8,377,484

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

Group as a lessor

The Group has entered into leases contracts on plots of land. Which are long term in nature. Rental income recognized by the Group during the period amounting to SR 3,119,213 (31 March 2022: SR 3,355,568).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three month period ended 31 March 2023

6 INVESTMENTS IN ASSOCIATES

Investments in associates comprise the following:

		31 March 2023 (Unaudited) SR	31 December 2022 (Audited) SR
	Ownership percentage		
Saudi Gas Cylinder Factory Company	37.57%	36,261,101	35,979,005
Natural Gas Distribution Company	35%	20,328,401	19,966,262
East Gas Company	35%	30,798,035	33,814,508
		87,387,537	89,759,775

The movement of investments in associates is as follows:

	31 March 2023 (Unaudited) SR	31 December 2022 (Audited) SR
At the beginning of the period/year	89,759,775	87,898,531
Share of results of associates	1,943,604	2,875,224
Prior year adjustment	67,435	(138,980)
Dividends received	(4,200,000)	(875,000)
Share of other comprehensive loss of associates	(183,277)	-
At the end of the period/year	87,387,537	89,759,775

The share of results of associates comprises the following:

	31 March 2023 (Unaudited) SR	31 March 2022 (Unaudited) SR
Saudi Gas Cylinders Factory Company	376,967	(1,098,969)
Natural Gas Distribution Company	384,055	76,615
East Gas Company	1,182,582	1,291,293
	1,943,604	268,939

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three month period ended 31 March 2023

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

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

	31 March 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Investment in equity instruments – unquoted (notes a, b, and c)	660,831,000	591,682,552
Closed REITs	44,295,900	44,295,900
Investments in equity instruments – quoted	15,758,136	15,660,563
Public traded REITs	3,081,282	3,356,703
	723,966,318	654,995,718

- 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 March 2023, using the similar companies’ method (Market Method) and the discounted cash flow method (Income Method), respectively.
- b) During the three months period ended 31 March 2023, the General Assembly of National Industrial Gases Company, approved distribution of dividends to the partners amounting to SR 130 million (31 March 2022: SR 220 million). The Group’s share is 9%, equivalent to SR 11.9 million (31 March 2022: SR 19.8 million) (note 17).
- c) The significant unobservable inputs used in the fair value measurement of equity instruments categorized within Level 3 of the fair value hierarchy as of 31 March 2023 and 31 December 2022 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.

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

Sensitivity analysis

Description	Fair value at 31		Unobservable inputs	Range of inputs		Sensitivity
	March 2023	December 2022		2023	2022	
National Industrial Gases Company	592,297,000	523,724,000	EV/EBITDA	12.05%	10.55%	Change by +/-1% will change FV increase/decrease by SR 6.6 million (2022: SR 6 million).
			Discount factor	10%	10%	Change by +/-1% will change FV decrease/increase by SR 7.4 million (2022: SR 6.6 million).
Arabian United Floating Glass Company	68,534,000	67,958,552	WACC	11.8%	11.8%	Change by +/-1% will change FV by SR decrease SR 5.6 million / increase SR 6.9 million (2022: SR decrease SR 7.8 million / increase SR 9.6 million).
			Growth rate	2%	2%	Change by +/-1% will change FV by SR increase SR 7.6 million / decrease SR 6.2 million (2022: SR increase SR 7.6 million / decrease SR 6.2 million).
	660,831,000	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:

	31 March 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Portfolio of traded securities	101,637,835	93,328,074
Fixed income debt instruments	6,330,145	12,542,317
Jadwa Saudi Riyal Murabaha Fund	26,746,827	26,486,205
	134,714,807	132,356,596

9 ACCOUNTS RECEIVABLE

	31 March 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Trade receivables	34,032,158	34,089,837
Other receivables	7,448,768	3,455,839
	41,480,926	37,545,676
Provision for expected credit losses	(6,976,779)	(6,770,815)
	34,504,147	30,774,861

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

	31 March 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	205,964	333,019
Write off during the year	-	(3,752,528)
Reversal during the year	-	(4,593,425)
At the end of the period/ year	6,976,779	6,770,815

10 PREPAYMENTS AND OTHER CURRENT ASSETS

	31 March 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Accrued rent and Murabaha income	26,283,081	27,941,704
Prepaid expenses	22,985,485	5,884,917
Advances to suppliers and contractors	27,112,449	10,711,081
Value added tax receivable	7,851,106	7,518,337
Employees' receivable	4,749,013	4,035,716
Dividends receivable	4,200,000	-
Insurance claims	163,188	154,984
Others	6,618,602	4,950,862
	99,962,924	61,197,601
Provision for other receivables	(792,180)	(792,180)
	99,170,744	60,405,421

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11 CASH AND CASH EQUIVALENTS

	31 March 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Cash at banks *	141,121,131	175,851,736
	141,121,131	175,851,736

* Certain accounts held with local banks carried finance income.

12 TERM LOAN

	31 March 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	(2,821,986)	(3,274,765)
	73,178,014	72,725,235
Less: current portion	-	-
The non-current portion	73,178,014	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 31 March 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 at the reporting period (note 4), and the process of pledging the remaining five plots of land is under process.

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13 EMPLOYEES' DEFINED BENEFITS LIABILITIES

	31 March 2023 (Unaudited) SR	31 December 2022 (Audited) SR
At the beginning of the period/year	110,957,000	140,600,642
Amount recognized in profit or loss		
Current service cost	2,193,668	9,736,623
Finance costs	1,377,000	4,457,000
	3,570,668	14,193,623
Re-measurements (loss)/gain on employees defined benefit liabilities	4,824,000	(26,586,020)
Current service cost charge to capital work in progress	26,988	113,377
Paid during the period/year	(1,068,000)	(17,364,622)
At the end of the period/year	118,310,656	110,957,000

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

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

	31 March 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Discount rate	4.4%	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:

	31 March 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Discount rate		
Increase 1%	(11,508,000)	(10,469,000)
Decrease 1 %	13,008,000	11,923,000
The future increase in the salaries		
Increase 1%	12,926,000	11,910,000
Decrease 1%	(11,650,000)	(10,645,000)

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14 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 March 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Dividends payable	43,013,120	43,637,296
Accrued expenses and other liabilities	68,775,800	39,890,563
Advance from customers	39,340,209	41,924,643
Accrued employees' benefits	18,525,832	17,111,930
Cash deposits from customers	3,099,007	2,960,775
Board of Directors and committees' remunerations	4,385,057	3,505,057
Others	4,478,866	4,340,322
	181,617,891	153,370,586

15 ZAKAT PAYABLE

	31 March 2023 (Unaudited) SR	31 December 2022 (Audited) SR
At the beginning of the period/year	90,307,604	87,695,348
Charge for the period/year	3,600,000	15,050,000
Paid during the period/year	-	(12,437,744)
At the end of the period/year	93,907,604	90,307,604

Status of assessments

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

2005 to 2007 status:

Zakat, Tax and Customs Authority ("ZATCA") issued the final zakat assessments to the Group for the years from 2005 to 2007, which resulted in an additional amount of SR 39 million. The Group has objected against the assessments with the relevant Appeal Committee. 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 to 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.

2011 to 2013 status:

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

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15 ZAKAT PAYABLE (continued)

Status of assessments (continued)

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. A final resolution was issued by the Appeal Committee and a petition for reconsideration with No. 185982-2023-z was submitted to appeal the rejected items and waiting for the hearing session at 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 subject to adjudication and 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 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 and exchanging memo with the General Secretariat of the Tax Committee.

2021-2022 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 the interim condensed consolidated financial statements.

16 REVENUES

	For the three month period ended 31 March	
	2023 (Unaudited) SR	2022 (Unaudited - Restated note 24) SR
Gas sales	578,852,891	481,762,647
Gas cylinders and tanks, and extension parts' sales	24,537,034	29,967,693
Service, transportation, and installation revenue	4,882,860	3,689,416
Scrap sales	1,743,523	524,221
Other commercial projects	4,911,326	1,233,085
	614,927,634	517,177,062

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17 INVESTMENT INCOME

	For the three month period ended 31 March	
	2023	2022
	(Unaudited)	(Unaudited -
	SR	Restated note 24)
		SR
Dividends income from investment at FVTOCI	11,862,265	19,800,000
Rent income from investment properties	3,119,213	3,355,568
Income from Sukuk and short-term Murabaha time deposits	377,222	114,333
Change in fair value of investments at FVTPL	7,421,164	13,561,339
	22,779,864	36,831,240

18 OTHER INCOME, NET

	For the three month period ended 31 March	
	2023	2022
	(Unaudited)	(Unaudited -
	SR	Restated note 24)
		SR
Gain on disposal of property, plant, and equipment	-	32,569
Foreign currency exchange differences	159,670	558,161
Others	84,387	1,133,042
	244,057	1,723,772

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 31 March:

	For the three month period ended 31 March	
	2023	2022
	(Unaudited)	(Unaudited)
	SR	SR
Net income for the period	72,979,640	72,972,815
Weighted average number of outstanding shares	75,000,000	75,000,000
Basic and diluted earnings per share	0.97	0.97

20 DIVIDENDS

The Company'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 and were subsequently approved by the Annual General Assembly of the shareholders held on 27 June 2022.

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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. 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 (2022: SR 280 million) relating to the supply of liquefied gas products.

The Group has other outstanding letters of guarantees as of 31 March 2023 amounting to SR 10.5 million (31 December 2022: SR 10.9 million).

The Group has outstanding letters of credit as of 31 March 2023 amounting to SR 17.3 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 16.1 million as of 31 March 2023 (31 December 2022: SR 21.4 million).

Commitments

As of 31 March 2023, the Group has commitments of SR 127.3 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:

31 March 2023 (Unaudited)	Central region SR	Western region SR	Eastern region SR	Southern region SR	Gas Solutions Company SR	Eliminations SR	Total SR
Revenues	227,553,251	204,952,532	100,160,618	69,259,304	13,661,444	(659,515)	614,927,634
Cost of revenues	(189,771,074)	(167,878,430)	(78,908,872)	(58,218,883)	(7,999,689)	659,515	(502,117,433)
Depreciation and amortisation of assets	(9,759,200)	(9,681,426)	(3,243,066)	(3,482,779)	(62,867)	-	(26,229,338)
Depreciation of right-of-use assets	(272,543)	(500,445)	(228,514)	(153,938)	-	-	(1,155,440)
Selling and distribution	(5,430,930)	(4,513,458)	(1,987,114)	(1,465,526)	(534,808)	-	(13,931,836)
General and administrative	(7,540,596)	(6,791,644)	(3,319,087)	(2,295,089)	(926,470)	-	(20,872,886)
Provision for expected credit losses	(92,684)	(49,431)	(55,610)	(8,239)	-	-	(205,964)
Operating income	14,686,224	15,537,698	12,418,355	3,634,850	4,137,610	-	50,414,737
31 March 2023 (Unaudited)							
Total operating assets	844,425,258	248,531,756	66,708,100	84,698,965	31,797,867	(4,574,950)	1,271,586,996
Total operating liabilities	(269,366,980)	(134,911,321)	(48,120,226)	(35,083,553)	(11,490,251)	4,574,950	(494,397,381)
31 March 2022 (Unaudited - Restated note 24)							
Revenues	192,656,866	174,297,018	84,189,851	58,978,469	12,453,784	(5,398,926)	517,177,062
Cost of revenues	(170,661,161)	(136,976,720)	(61,481,365)	(46,081,280)	(7,847,154)	5,398,926	(417,648,754)
Depreciation and amortisation of assets	(14,759,860)	(7,839,061)	(1,866,978)	(2,269,889)	(18,758)	-	(26,754,546)
Depreciation of right-of-use assets	(796,363)	-	-	-	-	-	(796,363)
Selling and distribution	(5,625,972)	(4,966,050)	(1,852,398)	(1,657,151)	(903,032)	-	(15,004,603)
General and administrative	(7,690,210)	(6,957,347)	(3,360,574)	(2,354,221)	(644,101)	-	(21,006,453)
Operating income	(6,876,700)	17,557,840	15,628,536	6,615,928	3,040,739	-	35,966,343
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 consolidated 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 659,515 for the period ended 31 March 2023 (31 March 2022: SR 5,398,926) 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 31 March	
	2023	2022
	(Unaudited)	(Unaudited)
	SR	SR
Segment operating income	50,414,737	35,966,343
Investments income	22,779,864	36,831,240
Finance income from investment at amortized cost	2,307,767	3,707,634
Finance costs	(1,110,389)	(1,925,113)
Share of results of associates, net	1,943,604	268,939
Other income, net	244,057	1,723,772
Zakat for the period	(3,600,000)	(3,600,000)
Net income for the period	72,979,640	72,972,815

Reconciliation of assets

	31 March	31 December
	2023	2022
	(Unaudited)	(audited)
	SR	SR
Segment operating assets	1,271,586,996	1,273,934,164
Investments in associates	87,387,537	89,759,775
Financial assets held at fair value through other comprehensive income (FVTOCI)	723,966,318	654,995,718
Financial assets held at amortised cost	282,291,650	214,016,184
Financial assets held at fair value through profit or loss (FVTPL)	134,714,807	132,356,596
Investment properties	33,442,174	33,442,174
Total assets	2,533,389,482	2,398,504,611

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22 OPERATING SEGMENTS (continued)

Reconciliation of liabilities

	31 March 2023 (Unaudited) SR	31 December 2022 (audited) SR
Segment operating liabilities	494,397,381	500,508,252
Term loan	73,178,014	72,725,235
Zakat payable	93,907,604	90,307,603
Total liabilities	661,482,999	663,541,090

23 EVENTS SUBSEQUENT TO THE REPORTING DATE

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

24 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 period 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, cash flows and changes in equity:

Restatement 1:

The Group presents expenses by function in the interim condensed consolidated statement of comprehensive income. Certain employees’ costs, which should have been classified as part of cost of revenues, were incorrectly classified as part of selling and distribution expenses in the period ended 31 March 2022. Accordingly, the management corrected prior period error amount SR 1,222,284 in the interim condensed consolidated statement of comprehensive income for the period ended 31 March 2023 by restating the comparatives.

Restatement 2:

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 from investment at amortized cost for the period ended 31 March 2022 was presented as part of investment income. Accordingly, the management corrected prior period error amounted to SR 3,707,634 in the interim condensed consolidated statements of comprehensive income and cash flows for the period ended 31 March 2023 by restating the comparatives.

Restatement 3:

Revenue incurred with respect to sales of scrap that relate to the period ended 31 March 2022 amounting to SR 524,221 have been erroneously recorded under the other income instead of revenue. Management has reclassified this amount in the interim condensed consolidated statement of comprehensive income for the year ended 31 March 2023 by restating the comparatives.

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24 RESTATEMENTS (continued)

Restatement 4:

In 2008, Management invested in Arabian United Floating Glass Company ("AUGF"). As at 31 March 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 2,194,359 as of 31 March 2022. As a result, the management corrected prior period errors in the interim condensed consolidated statement of comprehensive income, and in the interim condensed consolidated statement of cash flows as non-cash transaction for the period ended 31 March 2023 by restating the comparatives.

Restatement 5:

The management has invested in National Industrial Gases Company ("GAS"), an unquoted investment at fair value through other comprehensive income. Management applied valuation techniques in determining the fair value. However, management did not carry out a fair value exercise as of 31 March 2022 and consequently, change in fair value through other comprehensive income for that particular unquoted investment was nil for the quarter ended 31 March 2022. Based on valuation techniques applied by management in the current quarter, the fair value of that unquoted investment is SR 35,158,408 higher than the reported balance as of 31 March 2022. Accordingly, the change in the fair value of that investment presented in other comprehensive income should have also been SR 35,158,408 higher. As a result, the management corrected prior period errors in the interim condensed consolidated statement of comprehensive income, and in the interim condensed consolidated statement of cash flows as non-cash transaction for the period ended 31 March 2023 by restating the comparatives.

Restatement 6:

The Group had a cash balance amounting to SR 1,462,529 as at 1 January 2022 previously classified within financial assets held at FVTOCI. However, this amount meets the definition of cash and cash equivalents and is readily available to the Group, accordingly, the management corrected prior period error and reclassified it from financial assets held at FVTOCI to cash and cash equivalents in the interim condensed consolidated statement of cash flows for the period ended 31 March 2023 by restating the comparatives.

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24 RESTATEMENTS (continued)

Impact of adjustments to interim condensed consolidated statement of comprehensive income for the period ended 31 March 2022

	31 March 2022 As issued	Restatement 1	Restatement 2	Restatement 3	Restatement 4	Restatement 5	31 March 2022 Restated
Revenues	516,652,841	-	-	524,221	-	-	517,177,062
Cost of revenues	(440,309,006)	(1,222,284)	-	-	-	-	(441,531,290)
Gross profit	76,343,835	(1,222,284)	-	524,221	-	-	75,645,772
Selling and distribution expenses	(18,395,454)	1,222,284	-	-	-	-	(17,173,170)
General and administrative expenses	(22,506,259)	-	-	-	-	-	(22,506,259)
Operating income	35,442,122	-	-	524,221	-	-	35,966,343
Investments income	40,538,874	-	(3,707,634)	-	-	-	36,831,240
Finance income from investment at amortized cost	-	-	3,707,634	-	-	-	3,707,634
Finance costs	(1,925,113)	-	-	-	-	-	(1,925,113)
Share of results of associates	268,939	-	-	-	-	-	268,939
Other income, net	2,247,993	-	-	(524,221)	-	-	1,723,772
Income before zakat	76,572,815	-	-	-	-	-	76,572,815
Zakat for the period	(3,600,000)	-	-	-	-	-	(3,600,000)
Net income for the period	72,972,815	-	-	-	-	-	72,972,815
Other comprehensive income							
<u>Other comprehensive income that will not be reclassified to profit or loss in subsequent period:</u>							
Re-measurement of employees' defined benefits liabilities	8,820,690	-	-	-	-	-	8,820,690
Change in fair value of investments in equity instruments through other comprehensive income	3,196,297	-	-	-	2,194,359	35,158,408	40,549,064
Other comprehensive income for the period	12,016,987	-	-	-	2,194,359	35,158,408	49,369,754
Total comprehensive income for the period	84,989,802	-	-	-	2,194,359	35,158,408	122,342,569
Basic and diluted earnings per share	0.97	-	-	-	-	-	0.97
Weighted average number of outstanding shares	75,000,000	-	-	-	-	-	75,000,000

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For the three month period ended 31 March 2023

24 RESTATEMENTS (continued)

Impact of adjustments to interim condensed consolidated statement of cash flows for the period ended 31 March 2022

	31 March 2022 As issued	Restatement 2	Restatement 4	Restatement 5	Restatement 6	31 March 2022 Restated
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before zakat	76,572,815	-	-	-	-	76,572,815
Adjustments to reconcile profit before zakat to net cash flows:						
Depreciation of property, plant, and equipment	23,949,960	-	-	-	-	23,949,960
Amortisation of intangible assets	2,804,586	-	-	-	-	2,804,586
Depreciation of right-of-use assets	796,363	-	-	-	-	796,363
Finance costs of lease liabilities	61,464	-	-	-	-	61,464
Share in results of associates	(268,939)	-	-	-	-	(268,939)
Gain on disposal of property, plant, and equipment	(32,569)	-	-	-	-	(32,569)
Provision for employees defined benefits liabilities	3,744,903	-	-	-	-	3,744,903
Amortisation of prepaid upfront fees on term loan	1,145,124	-	-	-	-	1,145,124
Follow up fees of term loan	718,525	-	-	-	-	718,525
Provision for slow moving inventories	3,094,735	-	-	-	-	3,094,735
Change in fair value of investments at FVTPL	(13,561,339)	-	-	-	-	(13,561,339)
Dividends income from investments at FVTOCI	(22,417,946)	3,707,634	-	-	-	(18,710,312)
Finance income from investment at amortized cost	-	(3,707,634)	-	-	-	(3,707,634)
	76,607,682	-	-	-	-	76,607,682
Changes in working capital:						
Inventories	13,999,127	-	-	-	-	13,999,127
Accounts receivable	2,448,166	-	-	-	-	2,448,166
Prepayments and other current assets	(12,381,467)	-	-	-	-	(12,381,467)
Trade payables	41,378,582	-	-	-	-	41,378,582
Accrued expenses and other current liabilities	14,508,534	-	-	-	-	14,508,534
	136,560,624	-	-	-	-	136,560,624
Employees defined benefits liabilities paid	(3,162,040)	-	-	-	-	(3,162,040)
Net cash generated from operating activities	133,398,584	-	-	-	-	133,398,584

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For the three month period ended 31 March 2023

24 RESTATEMENTS (continued)

Impact of adjustments to interim condensed consolidated statement of cash flows for the period ended 31 March 2022 (continued)

	31 March 2022 As issued	Restatement 2	Restatement 4	Restatement 5	Restatement 6	31 March 2022 Restated
CASH FLOWS FROM INVESTING ACTIVITIES						
Finance income from investment at amortized cost	-	3,707,634	-	-	-	3,707,634
Additions of property, plant, and equipment	(35,748,830)	-	-	-	-	(35,748,830)
Additions of intangible assets	(186,301)	-	-	-	-	(186,301)
Proceeds from disposal of property, plant, and equipment	769,986	-	-	-	-	769,986
Disposal/(addition) of investments at FVTOCI	1,402,479	-	-	-	(1,462,529)	(60,050)
Dividends income from investments at FVTOCI	22,417,946	(3,707,634)	-	-	-	18,710,312
Net cash used in investing activities	(11,344,720)	-	-	-	(1,462,529)	(12,807,249)
CASH FLOWS FROM FINANCING ACTIVITIES						
Principal element of lease payments	(1,696,991)	-	-	-	-	(1,696,991)
Finance cost element of lease payments	(93,109)	-	-	-	-	(93,109)
Follow up fees on term loan paid	(718,525)	-	-	-	-	(718,525)
Net cash used in financing activities	(2,508,625)	-	-	-	-	(2,508,625)
Net change in cash and cash equivalents	119,545,239	-	-	-	(1,462,529)	118,082,710
Cash and cash equivalents at the beginning of the period	61,905,920	-	-	-	1,462,529	63,368,449
Cash and cash equivalents at the end of the Period	181,451,159	-	-	-	-	181,451,159
NON-CASH TRANSACTIONS:						
Current service cost charge to work in progress	8,992	-	-	-	-	8,992
Change in fair value of investments in equity instruments through other comprehensive income	3,196,297	-	2,194,359	35,158,408	-	40,549,064
Employees defined benefits liabilities transferred to accrued expenses	1,640,508	-	-	-	-	1,640,508

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24 RESTATEMENTS (continued)

Impact of adjustments to interim condensed consolidated statement of changes in equity for the period ended 31 March 2022

	Share capital SR	Statutory reserve SR	Retained earnings SR	Share of other comprehensive loss of associates SR	Unrealised gains from investments at fair value through other comprehensive income (FVTOCI) SR	Total equity SR
Balance as at 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	-	-	72,972,815	-	-	72,972,815
Other comprehensive income (As issued)	-	-	8,820,690	-	3,196,297	12,016,987
Restatement 4	-	-	-	-	2,194,359	2,194,359
Restatement 5	-	-	-	-	35,158,408	35,158,408
Other comprehensive income (Restated)	-	-	8,820,690	-	40,549,064	49,369,754
Total comprehensive income for the period (Restated)	-	-	81,793,505	-	40,549,064	122,342,569
Declared dividends (note 20)	-	-	(56,250,000)	-	-	(56,250,000)
Balance as at 31 March 2022 (Restated)	750,000,000	225,000,000	275,726,158	-	551,520,087	1,802,246,245

25 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the Audit Committee in accordance with the authorization of the Board of Directors on 20 Shawaal 1444H (corresponding to 10 May 2023)