GAS ARABIAN SERVICES COMPANY
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

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(A Saudi Joint Stock Company)

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FOR THE YEAR ENDED DECEMBER 31, 2023

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Head office: Moon Tower - 8 Floor
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Unified Number : 92 002 4254
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
GAS Arabian Services Company
(A Saudi Joint Stock Company)

Opinion

We have audited the financial statements of GAS Arabian Services Company (the "Company") which comprise the statement of financial position as at December 31, 2023 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements section" of our report. We are independent of the Company in accordance with the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards) endorsed in the Kingdom of Saudi Arabia ("the Code") that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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Independent Auditors' Report to the Shareholders of GAS Arabian Services Company (Continued)

Revenue recognition	
Refer to note 3 for the accounting policy and note 24 for related disclosures.	
Key audit matter	***How the matter was addressed in our audit***
During the year ended December 31, 2023, the Company has recognized a total revenue amounted to SR 721.51 million. Management recognises revenue in either at a point in time or over time according to the principals of IFRS 15, Revenue from Contracts with Customers. We considered this as a key audit matter due to the presumption of the fraud risk related to the revenue recognition and the risk that the management may record revenue before the satisfaction of the performance obligation. In addition the Company's focuses on revenue as a key performance measure which could create an incentive for revenue to be recognized before the control has been transferred.	Our audit procedures on revenue recognition of the Company included the following: - Assessed Company's revenue recognition policy and its compliance in terms of relevant IFRS Accounting Standards; - Obtained and tested, on sample basis, the customer contracts for technical services provided which was recognized over time and re-calculated revenue based on percentage of completion, compared it with calculation performed by management, assessed the revenue recognition as per contractual obligation and the adequacy of over time revenue recognition; - Traced unbilled revenue portion to the subsequent billing in future period; - Tested on sample basis individual revenue transactions from technical services recorded at a point in time and traced them to the sales invoices, customer approval and other related documents; - Tested on sample basis revenue recorded at a point in time and traced them to invoices, delivery note and other related documents; - Performed the cut-off test to ensure that the revenue is recorded in the appropriate accounting period; - Assessed the adequacy of the disclosure in the financial statements.

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Allowance for expected credit losses	
Refer to note 3 for the accounting policy and note 12 for related disclosures.	
Key audit matter	***How the matter was addressed in our audit***
At December 31, 2023, the Company's accounts receivable and unbilled revenue amounted to SR 193.99 million, against which an allowance for expected credit losses of SR 7.4 million is maintained. The Company assesses at each reporting date whether the accounts receivables are impaired. Management applies an expected credit loss ("ECL") model to determine the appropriate allowance expected credit losses. The determination of allowance for expected credit losses is based on certain assumptions that relate mainly to risk of default and expected loss rates. The Company applies judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the past history, market conditions, as well as forward looking estimates. We considered this as a key audit matter due to the level of judgement applied and estimates made in application of the ECL.	Our audit procedures included the following: - We obtained an understanding of the process used by the management in determining the allowance for expected credit losses; - We assessed the significant assumptions used in the ECL model's calculation such as; forward-looking factors and macro-economic variables and for certain customers categories determination that are used to determine the allowance for expected credit losses; - We tested the mathematical accuracy of the ECL model; - Involved our specialist in assessing the methodology applied by the management in the ECL model in accordance with the requirements of IFRS 9, tested the key assumptions used by management and assessed the reasonableness of the estimates used to record the allowance for expected credit losses; and - Assessed the adequacy and appropriateness of disclosures included in the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Company, which is expected to be made available to us after the date of this auditor's report.

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

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

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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Independent Auditors' Report to the Shareholders of GAS Arabian Services Company (Continued)

Responsibilities of the Company's management and Those Charged with Governance for the financial statements

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

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

Those charged with governance in particular the Company's Audit Committee are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with International Standards on Auditing endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Company's management.

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

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Independent Auditors' Report to the Shareholders of GAS Arabian Services Company (Continued)

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

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

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

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

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

For Dr. Mohamed Al-Amri & Co.

Gihad M. Al-Amri
Certified Public Accountant
Registration No. 362

Dammam, on 3 Ramadan 1445 (H)
Corresponding to: 13 March 2024 G

د. محمد العمري وشركاه - محاسبون قانونيون
شركة مهنية رقم ٣٢٣/١١/٦٦/٢
س.ت ٢٠٥٠١٠٥٨٣٢
Dammam
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

GAS ARABIAN SERVICES COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023
(Expressed in Saudi Riyals)

	Notes	December 31, 2023	December 31, 2022
ASSETS			
Non-current assets			
Property and equipment	7	**85,332,948**	57,212,337
Right-of-use assets	8	**3,793,078**	1,002,285
Intangible assets	9	**145,211**	179,951
Investment in associates and joint ventures	10	**106,170,934**	91,143,068
Total non-current assets		**195,442,171**	149,537,641
Current assets			
Inventories	11	**61,778,490**	27,118,240
Accounts receivable and unbilled revenue	12	**186,576,454**	175,005,194
Prepayments and other receivables	13	**51,553,711**	68,564,856
Investments at fair value through profit or loss (“FVTPL”)	14	**-**	11,216,264
Cash at banks	15	**91,059,388**	67,915,356
Total current assets		**390,968,043**	349,819,910
TOTAL ASSETS		**586,410,214**	499,357,551
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**158,000,000**	158,000,000
Statutory reserve	16	**36,867,936**	28,721,025
Treasury shares	17	**(3,224,947)**	-
Other reserve	17	**410,025**	-
Retained earnings		**168,637,211**	130,447,538
Total equity		**360,690,225**	317,168,563
Liabilities			
Non-current liabilities			
Obligation against investment in joint venture	10	**8,721,969**	6,629,126
Employees' defined benefit liabilities	18	**30,528,688**	27,810,098
Lease liabilities	19	**2,476,538**	447,100
Total non-current liabilities		**41,727,195**	34,886,324
Current liabilities			
Current portion of lease liabilities	19	**1,139,284**	580,165
Accounts payable	20	**96,709,699**	83,054,771
Accruals other liabilities	21	**79,292,701**	58,010,054
Short term loans	22	**-**	-
Provision for Zakat	23	**6,851,110**	5,657,674
Total current liabilities		**183,992,794**	147,302,664
Total liabilities		**225,719,989**	182,188,988
TOTAL EQUITY AND LIABILITIES		**586,410,214**	499,357,551

The accompanying notes from 1 to 38 form an integral part of these financial statements.

Chairman	**Chief Executive Officer**	**Finance Manager**

GAS ARABIAN SERVICES COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in Saudi Riyals)

	Notes	December 31, 2023	December 31, 2022
Revenue	24	**721,511,577**	496,039,689
Cost of revenue	25	**(586,759,917)**	(380,898,763)
Gross profit		**134,751,660**	115,140,926
General and administrative expenses	26	**(83,206,119)**	(73,552,643)
(Allowance)/reversal for expected credit losses		**(6,433,837)**	1,030,143
Share in results of associates and joint ventures	10	**37,602,523**	31,336,426
Profit from operations		**82,714,227**	73,954,852
Other income	27	**7,360,671**	1,564,350
Finance costs	28	**(1,818,322)**	(1,999,672)
Profit before Zakat		**88,256,576**	73,519,530
Zakat	23	**(6,787,464)**	(6,134,713)
NET PROFIT FOR THE YEAR		**81,469,112**	67,384,817
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Remeasurement gain on employees' defined benefits	18	**417,472**	3,217,948
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**81,886,584**	70,602,765

EARNINGS PER SHARE			Restated (note 29)
Basic earnings per share from net profit attributable to the shareholders of the Company	29	**0.5164**	0.4265
Diluted earnings per share from net profit attributable to the shareholders of the Company	29	**0.5156**	0.4265

The accompanying notes from 1 to 38 form an integral part of these financial statements.

Chairman	**Chief Executive Officer**	**Finance Manager**

GAS ARABIAN SERVICES COMPANY

(A Saudi Joint Stock Company)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in Saudi Riyals)

	Share capital	Statutory reserve	Treasury shares	Other reserve	Retained earnings	Total
At January 01, 2022	158,000,000	21,982,543	-	-	98,183,255	278,165,798
Profit for the year	-	-	-	-	67,384,817	67,384,817
Other comprehensive Income	-	-	-	-	3,217,948	3,217,948
Total comprehensive income	-	-	-	-	70,602,765	70,602,765
Transfer to statutory reserve	-	6,738,482	-	-	(6,738,482)	-
Dividends (note-34)	-	-	-	-	(31,600,000)	(31,600,000)
At December 31, 2022	158,000,000	28,721,025	-	-	130,447,538	317,168,563
Profit for the year	**-**	**-**	**-**	**-**	**81,469,112**	**81,469,112**
Other comprehensive income	**-**	**-**	**-**	**-**	**417,472**	**417,472**
Total comprehensive income	**-**	**-**	**-**	**-**	**81,886,584**	**81,886,584**
Transfer to statutory reserve	**-**	**8,146,911**	**-**	**-**	**(8,146,911)**	**-**
Shares to be issued under Employee Stock Ownership Plan (ESOP) (note- 17)	**-**	**-**	**-**	**410,025**	**-**	**410,025**
Purchase of treasury shares (note- 17)	**-**	**-**	**(3,224,947)**	**-**	**-**	**(3,224,947)**
Dividends (note- 34)	**-**	**-**	**-**	**-**	**(35,550,000)**	**(35,550,000)**
At December 31, 2023	**158,000,000**	**36,867,936**	**(3,224,947)**	**410,025**	**168,637,211**	**360,690,225**

The accompanying notes from 1 to 38 form an integral part of these financial statements.

Chairman **Chief Executive Officer** **Finance Manager**

GAS ARABIAN SERVICES COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in Saudi Riyals)

	Notes	December 31, 2023	December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITES			
Profit before Zakat		**88,256,576**	73,519,530
Adjustments for:			
Depreciation on property and equipment	7	**5,443,456**	3,919,986
Depreciation on right-of-use assets	8	**1,055,092**	531,776
Amortization of intangible assets	9	**70,715**	100,190
Gain on disposal of property and equipment	27	**(152,285)**	(19,812)
Finance costs	28	**1,818,322**	1,999,672
Share in results of associates and joint ventures	10	**(37,602,523)**	(31,336,426)
Share to be issued under ESOP	17	**410,025**	-
Provision for employees' defined benefit liabilities	18	**4,829,784**	4,716,793
Realized loss on investments at FVTPL	14	**1,004,712**	-
Unrealized (gain) / loss on investments at FVTPL	14	**(2,180,148)**	1,618,624
		62,953,726	55,050,333
Changes in:			
Accounts receivable and unbilled revenue	12	**(11,571,260)**	37,402,651
Prepayments and other receivables	13	**17,011,145**	(28,073,286)
Inventories	11	**(34,660,250)**	(3,695,562)
Accounts payable	20	**13,654,928**	(12,316,930)
Accruals and other liabilities	21	**21,282,647**	25,254,942
Cash flows generated from operations		**68,670,936**	73,622,148
Finance costs paid		**(1,545,819)**	(1,643,645)
Zakat paid	23	**(5,594,028)**	(5,097,681)
Employees' defined benefit liabilities paid including advances	18	**(1,693,722)**	(1,179,008)
Net cash flows generated from operating activities		**59,837,367**	65,701,814
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	7	**(33,799,863)**	(2,374,283)
Purchases of intangibles	9	**(35,975)**	(30,000)
Proceeds from disposal of property and equipment		**388,081**	22,987
Purchase of investments at FVTPL	14	**(23,729,044)**	(37,815,656)
Sale of investments at FVTPL	14	**36,120,744**	37,752,510
Additional investment in existing associate	10	**-**	(2,450,000)
Dividends received from associates and joint ventures	10	**24,667,500**	24,464,827
Net cash flows generated from investing activities		**3,611,443**	19,570,385
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of treasury shares	17	**(3,224,947)**	-
Proceeds from short term loans	22	**3,500,000**	21,271,088
Repayments of short-term loans	22	**(3,500,000)**	(30,716,995)
Payment of principal portion of lease liabilities	19	**(1,529,831)**	(516,095)
Dividends paid	34	**(35,550,000)**	(31,600,000)
Net cash used in financing activities		**(40,304,778)**	(41,562,002)
Net change in cash and cash equivalents		**23,144,032**	43,710,197
Cash and cash equivalents at beginning of the year		**67,915,356**	24,205,159
Cash and cash equivalents at end of the year	15	**91,059,388**	67,915,356

The accompanying notes from 1 to 38 form an integral part of these financial statements.

Chairman	**Chief Executive Officer**	**Finance Manager**

1 CORPORATE INFORMATION

Gas Arabian Services Company ("the Company") is a Saudi Joint Stock Company registered in Saudi Arabia under Commercial Registration No. 2050022617 dated 7 Sha'ban 1412H (corresponding to February 11, 1992) issued in Dammam. The Company's registered office is at King Saud Street, P.O. Box 3422, Dammam 31471, Kingdom of Saudi Arabia. The Company shares are listed on the parallel Saudi Stock Exchange (“NOMU”).

The Company is in the business of wholesale of machinery and equipment, electrical, electronic, mechanical, hydro-mechanical, petroleum, industrial equipment, drilling equipment, technical equipment, desalination equipment, generators and spare parts, providing operational, maintenance and technical engineering services, manufacturing of piping spools, structural steel fabrication, pressure reducing stations and other industry essential products.

The Company operates through the following branches:

Branch	***CR No.***
Gas Arabian Services Company – Jubail	2055004723
Gas Arabian Services Company – Dammam	2050099200
Gas Arabian Services Company – Yanbu	4700106468
Gas Arabian Services Company – Jubail	2055011867
Gas Arabian Services Company – Dammam	2050113651
Gas Arabian Services Company – Dammam	2050180839

2 BASIS OF PREPARATION AND BASIS OF MEASSUREMENT

2.1 Statement of compliance

These financial statements of the Company have been prepared in accordance with IFRS accounting standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants.

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis using the accrual basis of accounting except otherwise as disclosed in note 3 below.

2.3 Functional and presentation currency

The financial statements are presented in Saudi Riyals (SR), which is the functional currency of the Company.

3 MATERIAL ACCOUNTING POLICIES

3.1 Current versus non-current classification

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

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

All other assets are classified as non-current.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Current versus non-current classification (Continued)

A liability is current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of liability for at least 12 months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

3.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

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

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

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

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

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Revenue from contracts with customers

The Company is in the business of wholesale of machinery and equipment, electrical, electronic, mechanical, hydro-mechanical, petroleum, industrial equipment, drilling equipment, technical equipment, desalination equipment, generators and spare parts. Operational, Maintenance and technical engineering services. Manufacturing of piping spools, structural steel fabrication, pressure reducing stations and other industry essential products.
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of goods
Revenue from sale of goods is recognised at the point in time when control is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any).

Technical services
Revenue from technical services is recognised at a point in time when the services are rendered to customer.

In case of fixed price contracts, the Company recognises revenue from technical services over time because the customer simultaneously receives and consumes the benefits provided to them. The Company tracks the progress toward completion of the contract by measuring overall output to date relative to total estimated output needed to satisfy the performance obligation based on monthly progress reports.

Sales commission
The Company acts as a sales representive for products sold by its principals'. Commission is recognised at a point in time usually when the relevant terms and conditions are satisfied by the Company as per the agreement with its principals.

3.3.1 Contract balances

Contract assets
A contract asset is initially recognised for revenue earned from technical services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets are reclassified to accounts receivables. The Company contract assets include unbilled revenue, retention receivable and advance to suppliers.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section - Financial instruments – initial recognition and subsequent measurement.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Accounts receivable
A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section - Financial instruments – initial recognition and subsequent measurement.

Contract liabilities
A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer). The Company contract liabilities include advance from customers.

3.4 Expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of revenue. All other expenses, except for finance costs, depreciation and amortisation are classified as general and administrative expenses. Allocations of common expenses between cost of revenue and general and administrative expenses, when required, are made on a consistent basis.

3.5 Cash dividend distribution to equity holders

The Company recognises a liability to pay a dividend to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per provisions of Companies' Law, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in statement of changes in equity.

3.6 Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at their respective spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

3.7 Zakat and indirect tax

3.7.1 Zakat

Zakat is provided for in accordance with Saudi Arabian fiscal regulations and charged to the statement of profit or loss. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

3.7.2 Value added tax (VAT)

Sales, expenses and assets are recognised net of the amount of value added tax, except when the value added tax incurred on purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Property and equipment

Capital work in progress is stated at cost, net of accumulated impairment losses, if any. Property and equipment are initially recorded at cost and stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Company recognise such parts as individual assets and depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

Depreciation is calculated from the date the item of property and equipment is available for its intended use or in respect of self-constructed assets, from the date such assets are completed and ready for the intended use. The cost of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

Buildings	20 years
Machinery and equipment	2 to 5 years
Motor vehicles	5 to 8 years
Furniture, fixture and office equipment	4 to 5 years
Project facilities	3 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the asset is written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of profit or loss as the expense is incurred.

An item of property and equipment is derecognised upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end, and adjusted prospectively, if appropriate.

3.9 The Employee Stock Ownership Plan (ESOP)

The ESOP is an employee stock incentive plan that designates a specific number of shares in order to distribute them among the Company's employees who are in service. The Company maintains treasury shares to support this program. This employee stock incentive plan is divided into two main types namely; Company funded plans and employee share purchase plans. The Company recognizes a corresponding increase in equity when shares are actually transferred to employees.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Leases

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

Company as a lessee

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

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful lives of the assets, as follows:

Leasehold land	5 to 10 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section "Impairment of non-financial assets".

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in- substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

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

3.12 Investment in associates and joint arrangements

Associates
An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Company's Investment in associates are accounted for using the equity method.

Joint arrangements

Under IFRS 11 Joint Arrangements, joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining whether joint control exists or not are similar to those necessary to determine control over subsidiaries.

Investments in joint arrangements are classified as either joint ventures or joint operations. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint ventures:

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the statement of financial position.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.12 Investment in associates and joint arrangements (Continued)

Joint operations:
A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and liabilities of the joint operation.

The Company recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of other comprehensive income of the investee in other comprehensive income. After the share in the investee is reduced to zero, a liability is recognised only to the extent that there is an obligation to fund the investee's operations or any payments have been made on behalf of the investee. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Company's share of the results of operations of the associate or joint venture. Any change in the other comprehensive income ("OCI") of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate and joint venture are eliminated to the extent of the interest in the associate or joint venture. The financial statements of the associate or joint venture are prepared for the same reporting period as the Company.

When necessary, adjustments are made to bring the accounting policies of the associate or joint venture in line with those of the Company. After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Financial instruments – initial recognition, subsequent measurement and derecognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

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

Accounts receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in note 3.3 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Financial instruments – initial recognition, subsequent measurement and derecognition (Continued)
Financial assets (Continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in to four categories:
(i) Financial assets at amortised cost (debt instruments)
(ii) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments) - not applicable to the Company
(iii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) - not applicable to the Company
(iv) Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

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

The Company's financial assets at amortised cost include accounts receivables and amounts due from related parties.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
(a) the Company has transferred substantially all the risks and rewards of the asset, or
(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Financial instruments – initial recognition, subsequent measurement and derecognition (Continued)
Financial assets (Continued)

Derecognition (Continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.
Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

-	Disclosures for significant assumptions	Note 4
-	Accounts receivable and unbilled revenue	Note 12

For accounts receivable and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Company's financial liabilities include accounts and other payables, amounts due to related parties, lease liabilities and short-term loans.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Financial instruments – initial recognition, subsequent measurement and derecognition (Continued)

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

(i) Financial liabilities at fair value through profit or loss
(ii) Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.
Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.
Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.
This category generally applies to interest-bearing loans and borrowings.

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

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.14 Impairment of non-financial assets

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.14 Impairment of non-financial assets (Continued)

In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.
For assets, an assessment is made at each financial year-end as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.15 Inventories

Inventories are valued at the lower of cost and net realisable value.
Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Goods for resale: purchase cost on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.16 Cash and cash equivalents

Cash and cash equivalents include cash at banks and on hand and other short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value

3.17 Bank deposits

Bank deposits include placements with banks with original maturities of more than three months but not more than one year from the date of placement. Time deposits are placed with financial institutions with investment grade rating, which are considered to have low credit risk.

Interest income from time deposits is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

3.18 Statutory reserve

In accordance with Saudi Arabian Regulations for Companies, the Company must set aside 10% of its profit for the year to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 30% of their share capital. The reserve is not available for distribution.

3.19 Treasury shares

Own equity instruments that are repurchased (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the statement of profit or loss on the purchase, sale, issue or cancellation of the shares. Any difference between the carrying amount of the shares and the consideration, if reissued, is recognized in other reserves within equity.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.20 Employees' benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, airfare, child education allowance, that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position under accruals and other current liabilities.

Employees' defined contribution obligations
The Company has defined contribution plan with General Organisation for Social Insurance ("GOSI") where the Company contributes fixed percentage of the employee's salary towards the retirement of its employees, which qualify as defined contribution plan. Contribution payable to the defined contribution plan is recognised as an expense in the statement of profit or loss.

The Company operates a non-funded employee end-of-service benefit plan, which is classified as defined benefit obligation under IAS 19 'Employee Benefits'. A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets at that date. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high quality corporate bonds that have terms to maturity approximating to the estimated term of the post-employment benefit obligations. Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognised in equity through other comprehensive income in the period in which they arise.

3.21 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as an asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.22 Segment information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company’s other components. All operating segments’ operating results are reviewed regularly by the Company’s relevant Business Heads’ which in the Company’s case is to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Company’s relevant Business Heads’ include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Company’s operating segments are analysed and aggregated based on the nature of activity.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.23 Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable, are recorded in the statement of financial position under accounts payable and accruals. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

- Sensitivity analysis disclosures — Note 18
- Financial instruments risk management and policies — Note 32
- Capital management — Note 33

4.1 Judgements

In the process of applying the Company' accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

(i) *Satisfaction of performance obligations*

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Company has assessed that based on the agreements entered with the customers and the provisions of relevant laws and regulations, where contracts are entered into to undertake long term fixed price contracts with the customers, the Company does not create an asset with an alternative use to the Company and usually has an enforceable right to payment for performance completed to date. Further, the technical services provided under the contract are satisfied over time rather than at a point in time since the customer simultaneously receives and consumes the benefits provided by the Company. Based on this, the Company recognises revenue over time. Where this is not the case, revenue is recognized at a point in time.

The Company has elected to apply the output method in allocating the transaction price to performance obligation where revenue is recognized over time. The Company considers that the use of the output method, which requires revenue recognition based on the Company's output against the satisfaction of the performance obligation, provides the best reference of revenue actually earned. In applying the output method, the Company tracks the progress toward completion of the contract by measuring overall output to date relative to total estimated output needed to satisfy the performance obligation based on monthly progress reports.

(ii) *Determining the lease term of contracts with renewal and termination options – Company as lessee*

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

4.1 Judgements (Continued)

(ii) *Determining the lease term of contracts with renewal and termination options – Company as lessee (contd.)*

The Company has the option to renew the lease term for some of its leases. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in a business strategy).

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date and whether the fulfilment of the arrangement is dependent of the use of a specific asset or assets or the arrangement conveys the right to use the asset.

4.2 *Estimates and assumptions*

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

(i) *Contract costs to complete estimates*

The Company estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include, among other items, the construction costs, variation orders and the cost of meeting other contractual obligations to the customers. Such estimates are reviewed at regular intervals. Any subsequent changes in the estimated cost to complete the project may affect the results of the subsequent periods.

(ii) *Valuation of defined benefit obligations*

The present value of the defined benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and other assumptions. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an ‘AA’ rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about employees' defined benefit liabilities are provided in note 18.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

4.2 *Estimates and assumptions (Continued)*

(iii) *Useful lives of property and equipment*

Management determines the estimated useful lives of its equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, duration of contract with the customer and physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

(iv) *Provision for expected credit losses of accounts receivables and contract assets*
The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the company's accounts receivables and contract assets are disclosed in note 12.

5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Company has applied for the first-time certain standards amendments, which are effective for annual periods beginning on or after January 01, 2023 but they have no material impact on these financial statements.

- Definition of accounting estimates. (IAS 8);
- Disclosure of Accounting Policies (IAS 1, IFRS practice statement 2); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (IAS 12)

6 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following amendments are effective for the period beginning January 01, 2024:

- Amendment – Liability in a Sale and Leaseback (IFRS 16);
- Amendment –Classification of Liabilities as Current or Non-current (IAS 1);
- Amendment –Non-current Liabilities with Covenants (IAS 1); and
- Supplier Finance Arrangements (IAS 7 and IFRS 7)

The following amendments are effective for the period beginning January 01, 2025:

- Lack of Exchangeability – Effect of changes in foreign exchange rates (IAS 21)

The Company does not expect these to have a material impact on its financial statements upon their adoption.

(Expressed in Saudi Riyals)

7. PROPERTY AND EQUIPMENT

	Freehold land	Buildings (note 7.1)	Furniture, fixture and office equipment	Motor vehicles	Machinery and equipment	Project facilities	Capital work in progress (note 7.2)	Total
Cost:								
At 1 January 2022	20,433,725	28,061,966	4,107,400	13,309,742	8,651,729	-	9,579,768	84,144,330
Additions	-	-	275,932	753,750	1,832,756	-	10,712,412	13,574,850
Disposals	-	-	-	(77,000)	(23,301)	-	-	(100,301)
Transferred to related party	-	-	-	-	-	-	(11,200,567)	(11,200,567)
At 31 December 2022	**20,433,725**	**28,061,966**	**4,383,332**	**13,986,492**	**10,461,184**	**-**	**9,091,613**	86,418,312
Additions	**-**	**168,895**	**458,850**	**6,885,895**	**6,996,549**	**32,000**	**19,257,674**	**33,799,863**
Disposals / write offs	**-**	**(213,006)**	**-**	**(841,417)**	**(66,667)**	**-**	**-**	**(1,121,090)**
Transfer	**-**	**900,068**	**-**	**-**	**-**	**1,049,100**	**(1,949,168)**	**-**
At 31 December 2023	**20,433,725**	**28,917,923**	**4,842,182**	**20,030,970**	**17,391,066**	**1,081,100**	**26,400,119**	**119,097,085**
Accumulated depreciation:								
At 1 January 2022	-	7,602,180	3,148,930	9,646,716	4,985,289	-	-	25,383,115
Charge for the year	-	1,701,224	373,265	648,567	1,196,930	-	-	3,919,986
Disposals	-	-	-	(77,000)	(20,126)	-	-	(97,126)
At 31 December 2022	-	9,303,404	3,522,195	10,218,283	6,162,093	-	-	29,205,975
Charge for the year	**-**	**1,830,898**	**374,412**	**1,216,332**	**1,696,963**	**324,851**	**-**	**5,443,456**
Disposals / write offs	**-**	**(65,502)**	**-**	**(784,686)**	**(35,106)**	**-**	**-**	**(885,294)**
At 31 December 2023	**-**	**11,068,800**	**3,896,607**	**10,649,929**	**7,823,950**	**324,851**	**-**	**33,764,137**
Net book amounts:								
At 31 December 2023	**20,433,725**	**17,849,123**	**945,575**	**9,381,041**	**9,567,116**	**756,249**	**26,400,119**	**85,332,948**
At 31 December 2022	20,433,725	18,758,562	861,137	3,768,209	4,299,091	-	9,091,613	57,212,337

7.1 Buildings are constructed on a land rented from Royal Commission for Jubail & Yanbu with a standard rent for ten years starting from November 03, 2014 with option to renew on expiry of the lease term.

7.2 Capital work in progress represents mainly the construction of GAS Tower and Zuluf project. The construction work is expected to be completed in the years 2024 and 2025 respectively.

(Expressed in Saudi Riyals)

8. RIGHT-OF-USE ASSETS

The Company has contracts for leasehold land (leasehold land contract includes office building, workshop facility etc.). These leases generally have term between 5 to 10 years. Below are the carrying amounts of right of use assets recognised and the movement during the year:

	December 31, 2023	December 31, 2022
Cost:		
At January 01,	**2,632,558**	2,632,558
Addition	**3,845,885**	-
At December 31,	**6,478,443**	2,632,558
Accumulated depreciation:		
At January 01,	**1,630,273**	1,098,497
Charge for the year	**1,055,092**	531,776
At December 31,	**2,685,365**	1,630,273
Net carrying amount:		
At December 31,	**3,793,078**	1,002,285

9. INTANGBILE ASSETS

December 31, 2023	**Software**
Cost:	
At the beginning of the year	**971,189**
Additions	**35,975**
At the end of the year	**1,007,164**
Accumulated amortization:	
At the beginning of the year	**791,238**
Charge for the year	**70,715**
At the end of the year	**861,953**
Net carrying amount:	
At December 31, 2023	**145,211**

December 31, 2022	Software
Cost:	
At the beginning of the year	941,189
Additions	30,000
At the end of the year	971,189
Accumulated amortization:	
At the beginning of the year	691,048
Charge for the year	100,190
At the end of the year	791,238
Net carrying amounts	
At December 31, 2022	179,951

(Expressed in Saudi Riyals)

10. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

The table below outlines the Company's investment in associates and joint ventures:

Name of associates and joint ventures	*Ownership %* **2023**	*2022*	*Country of incorporation*	*Nature of activities*	***December 31, 2023***	*December 31, 2022*
Yokogawa Services Saudi Arabia Company	**33%**	33%	Saudi Arabia	Providing industrial technical services	**38,041,589**	37,184,363
Elliott Gas Services Saudi Arabia Limited	**45%**	45%	Saudi Arabia	Providing industrial technical services	**50,823,434**	38,833,026
FS Elliott Services Saudi Arabia Limited	**50%**	50%	Saudi Arabia	Providing industrial technical services	**10,451,136**	9,437,607
Weidmular Saudi Arabia Factory	**49%**	49%	Saudi Arabia	Manufacturing of industrial electrical components	**3,755,621**	3,461,996
Gas Vector Saudi Arabia Company Limited	**45%**	45%	Saudi Arabia	Providing industrial technical services	**3,099,154**	1,960,832
TubeFit Engineering Arabian Factory*	**47%**	-	Saudi Arabia	Manufacturing and assembling instrumentation	**-**	-
FS Elliott Saudi Arabia Limited	**50%**	50%	Saudi Arabia	Trading of industrial equipment	**(7,655,577)**	(6,629,126)
Elster Instromet Services Saudi Arabia Company Limited	**40%**	40%	Saudi Arabia	Providing industrial technical services	**(1,066,392)**	265,244
Disclosed in the statement of financial position as follows:						
Investments in associates and joint ventures under non-current assets					**106,170,934**	91,143,068
Obligation against investment in joint venture under non-current liabilities (Note 10.1)					**(8,721,969)**	(6,629,126)

*During 2023, the Company has entered in a joint venture (JV) agreement with TubeFit Engineers a registered partnership firm in India; to establish a Limited Liability Company in the Kingdom of Saudi Arabia with the name of TubeFit Engineering Arabian Factory registered on October 10, 2023 having Commercial Registration number 2050176995 and Ministry of Investment license number 121034502223974 dated August 30, 2023. The Company's business activities will be manufacturing, assembling and supplying of instrumentation fittings etc. The Share Capital amounting to SR 5,000,000 was fully paid up subsequent to the year ended December 31, 2023 by both partners, accordingly, the investment was recorded subsequently.

(Expressed in Saudi Riyals)

10. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (continued)

Movement in the investment in associates and joint ventures is as follows:

	Yokogawa Services Saudi Arabia Company	*Elliott Gas Services Saudi Arabia Limited*	*Other associates* and joint ventures	*Total*
December 31, 2023				
At January 01	**37,184,363**	**38,833,026**	**15,125,679**	**91,143,068**
Share of results (note 10.2)	**6,962,226**	**30,552,908**	**2,445,476**	**39,960,610**
Adjustment	**-**	**-**	**(265,244)**	**(265,244)**
Dividend received	**(6,105,000)**	**(18,562,500)**	**-**	**(24,667,500)**
At December 31	**38,041,589**	**50,823,434**	**17,305,911**	**106,170,934**
December 31, 2022				
At January 01	33,192,475	35,417,327	12,142,225	80,752,027
Share of results (note 10.2)	11,581,888	20,290,526	533,454	32,405,868
Additional investment	-	-	2,450,000	2,450,000
Dividend received	(7,590,000)	(16,874,827)	-	(24,464,827)
At December 31	37,184,363	38,833,026	15,125,679	91,143,068

10.1 Movement in the obligation against investment in associates and joint ventures is as follows:

	December 31, 2023	December 31, 2022
At January 01	**6,629,126**	5,559,684
Adjustment	**(265,244)**	-
Share of obligation during the year	**2,358,087**	1,069,442
At December 31	**8,721,969**	6,629,126

10.2 Share of results in associates and joint ventures is as follows:

	December 31, 2023	December 31, 2022
Share of results during the year	**39,960,610**	32,405,868
Share of obligation during the year	**(2,358,087)**	(1,069,442)
At December 31	**37,602,523**	31,336,426

(Expressed in Saudi Riyals)

10. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

The table below provide summarised financial information of material associates and joint ventures of the Company. The information disclosed reflects the amounts presented in the available financial statements of the relevant investee and not Company's share of those amounts.

	December 31, 2023		*December 31, 2022*	
	Yokogawa Services Saudi Arabia Company	***Elliott Gas Services Saudi Arabia Limited***	*Yokogawa Services Saudi Arabia Company*	*Elliott Gas Services Saudi Arabia Limited*
Current assets	**197,044,078**	**100,110,084**	252,664,849	73,875,616
Non-current assets	**3,336,987**	**31,701,619**	3,308,205	32,611,866
Current liabilities	**(93,478,748)**	**(39,470,888)**	(148,057,255)	(32,989,338)
Non-current liabilities	**(7,023,839)**	**(1,904,170)**	(8,862,270)	(1,353,959)
Net assets	**99,878,478**	**90,436,645**	99,053,529	72,144,185
Reconciliation:				
Company's share in %	**33%**	**45%**	33%	45%
Company's share	**32,959,898**	**40,696,490**	32,687,665	32,464,883
Add: adjustment for income tax	**5,081,691**	**10,126,944**	4,496,698	6,368,143
Carrying amount	**38,041,589**	**50,823,434**	37,184,363	38,833,026
Revenue	**133,618,340**	**193,984,120**	111,984,058	136,580,273
Profit for the year	**24,775,764**	**68,698,640**	37,431,079	46,417,398
Reconciliation:				
Company's share	**8,176,002**	**31,234,179**	12,352,256	20,887,829
Less: adjustment for income tax	**(1,213,776)**	**(681,271)**	(770,368)	(597,303)
Company's share in results	**6,962,226**	**30,552,908**	11,581,888	20,290,526

(Expressed in Saudi Riyals)

11. INVENTORIES

	December 31, 2023	December 31, 2022
Goods for resale	**41,706,355**	24,463,958
Work in progress	**20,084,266**	2,654,282
Allowance for slow moving inventories (note 11.1)	**(12,131)**	-
	61,778,490	27,118,240

11.1 The nature of inventory is non perishable due to which allowance for slow moving inventories was not recorded in previous years. However, during the year the Company has decided to be prudent and approved a policy to assess normal wear and tear and record allowance for slow moving inventories for inventory items which are aged above five years ultimately resulting in allowance.

During 2023, SR 378 million (2022: SR 240 million) was recognised as an expense for the inventory consumed in the cost of revenue.

12. ACCOUNTS RECEIVABLE AND UNBILLED REVENUE

	December 31, 2023	December 31, 2022
Accounts receivables (note 12.1)	**149,927,622**	145,212,347
Unbilled revenue (note 12.2)	**36,648,832**	29,792,847
	186,576,454	175,005,194

12.1 ACCOUNTS RECEIVABLE

	December 31, 2023	December 31, 2022
Accounts receivables		
- From third parties	**155,842,254**	145,519,182
- From related parties (note 30)	**1,338,872**	2,920,542
Accounts receivable	**157,181,126**	148,439,724
Less: allowance for expected credit losses	**(7,253,504)**	(3,227,377)
	149,927,622	145,212,347

Five major customers' balances represent 29% (2022: 38%) of gross accounts receivables.

Accounts receivables are non-interest bearing and are generally on terms of 60 to 90 days. Unimpaired accounts receivables are mainly unsecured and are expected on the basis of the past experience, to be fully recoverable. For the terms and conditions with the related parties, please refer note 30.

Movement in the allowance for expected credit losses was as follows:

	December 31, 2023	December 31, 2022
At the beginning of the year	**3,227,377**	4,257,520
Charge /(reversal) for the year	**4,026,127**	(1,030,143)
At the end of the year	**7,253,504**	3,227,377

An aged analysis of accounts receivables is as follows:

	Total	**Current**	**0-30 days**	**31-90 days**	**91 -180 days**	**> 180 days**
December 31, 2023	**157,181,126**	**80,327,279**	**31,018,086**	**15,337,414**	**13,881,983**	**16,616,364**
December 31, 2022	148,439,724	83,741,305	21,247,918	20,942,552	7,164,072	15,343,877

(Expressed in Saudi Riyals)

12. ACCOUNTS RECEIVABLE AND UNBILLED REVENUE (CONTINUED)

12.2 UNBILLED REVENUE

Unbilled revenue is initially recognised for services rendered but not yet billed to customers, from long-term projects with customers. Upon billing of invoice, the amounts are recognised as billed revenue and are reclassified to accounts receivable.

	December 31, 2023	December 31, 2022
Value of services performed	**133,267,936**	116,948,541
Less: amounts billed under progress billings	**(96,451,394)**	(87,155,694)
Less: allowance for expected credit losses	**(167,710)**	-
	36,648,832	29,792,847

13. PREPAYMENTS AND OTHER RECEIVABLES

	December 31, 2023	December 31, 2022
Retention receivable	**18,058,592**	16,468,499
Amounts due from related parties (note 30)	**2,555,099**	6,694,551
Advances to suppliers	**17,912,941**	40,094,179
Prepaid expenses	**5,905,237**	4,715,898
Refundable deposits	**112,529**	100,529
Staff advances	**904,313**	491,200
Dividend receivable	**6,105,000**	-
	51,553,711	68,564,856

14. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	December 31, 2023	December 31, 2022
14.1 FVTPL - Current Assets		
At January 01,	**11,216,264**	12,771,710
Additions during the year	**23,729,044**	37,815,656
Disposal during the year (note 14.3)	**(37,125,456)**	(37,190,954)
Changes in fair value – unrealized gain/ (loss) (note 14.2)	**2,180,148**	(2,180,148)
At December 31	**-**	11,216,264

	December 31, 2023	December 31, 2022
14.2 FVTPL - Profit and Loss		
Realized loss during the year	**(1,004,712)**	(2,138,840)
Unrealized gain/ (loss) during the year	**2,180,148**	(1,618,624)
Dividend received	**224,030**	236,188
Net gain/ (loss) charged to profit and loss for the year	**1,399,466**	(3,521,276)

14.3 All these investments in equity securities were quoted in Tadawul managed through portfolio management Company. During the year, the Company has disposed-off all these investments.

15. CASH AT BANKS

	December 31, 2023	December 31, 2022
Cash at banks	**91,059,388**	67,915,356

(Expressed in Saudi Riyals)

16. EQUITY

16.1 SHARE CAPITAL

Share capital is divided into 158,000,000 shares of SR 1 each (2022: 15,800,000 shares of SR 10 each).

During the year, in the Extraordinary General Meeting held on August 08, 2023, the shareholders have approved to reduce the nominal value of shares from SR 10 per share to SR 1 per share and increased the number of shares from 15.8 million shares to 158 million shares. The effect of reducing the nominal value of shares is being reflected on Tadawul for trading.

16.2 STATUTORY RESERVE

In accordance with the Saudi Arabian Regulations for Companies, 10% of the profit for the year is required to be transferred to statutory reserve until the balance in the reserve equals 30% of share capital. The reserve is not available for distribution.

17. TREASURY SHARES

During the year; on various dates, the management has repurchased 31,484 shares amounting to SR 2,499,952 of the Company as buy back of shares and is keeping those shares as treasury shares. The buyback of shares was approved by the shareholders of the Company in Extraordinary General Meeting held on April 10, 2023 by authorizing the Board of Directors to repurchase 200,000 shares and keep them as treasury shares since the management believes the share price being less than its fair value in the market. The repurchase is to be completed within one year of the approval and to be kept no longer than five years from the date of the approval.

Further, on June 16, 2023, the Board of Directors approved to repurchase a number of shares of the Company with a maximum of 100,000 shares to be allocated to employee stock incentive plan. The resolution is being favourably voted in the Extraordinary General Meeting held on August 08, 2023. During the year; on various dates, the management has repurchased 94,436 shares of the Company amounting to SR 724,995 as buy back of shares and is keeping those shares as employee stock incentive plan. This employee stock incentive plan is divided into two main types namely; Company funded plans and employee share purchase plans. During the year 2023, the Company has not granted shares to the employees. The shares will be distributed to the employees gradually according to the approved Employee Stock Ownership Plan (“ESOP”). The Company has created a reserve amounting to SR 410,025 for the shares to be issued.

18. EMPLOYEES' DEFINED BENEFIT LIABILITIES

18.1 Post-employment benefits plan

In accordance with the provisions of IAS 19 - Employee Benefits, management has appointed an independent actuary to carry out an exercise to assess the present value of its defined benefit obligations as at December 31, 2023 and December 31, 2022 in respect of employees’ benefits payable under relevant local regulations and contractual arrangements.

	December 31, 2023	December 31, 2022
Post-employment benefits plan	**30,528,688**	27,810,098

The following table summarizes the components of the net benefit expense recognized in statement of profit or loss, OCI and amounts recognized in the statement of financial position.

18.2 Net benefit expense recognised in profit or loss	**December 31, 2023**	December 31, 2022
Current service cost	**3,489,261**	3,478,495
Interest cost	**1,340,523**	1,238,298
Net benefit expense	**4,829,784**	4,716,793

(Expressed in Saudi Riyals)

18. EMPLOYEES' DEFINED BENEFIT LIABILITIES (CONTINUED)

18.3 Net remeasurement loss recognised in other comprehensive income	**December 31, 2023**	December 31, 2022
Gain due to change in financial assumptions	**(1,922,037)**	(4,020,838)
Loss due to change in demographic assumptions	**1,504,565**	802,890
Net remeasurement gain	**(417,472)**	(3,217,948)

18. 4 Movement in the present value of defined benefit obligations

	December 31, 2023	December 31, 2022
Defined benefit obligations at the beginning of the year	**32,681,568**	32,319,739
Current service cost	**3,489,261**	3,478,495
Interest cost	**1,340,523**	1,238,298
Benefits paid	**(1,528,722)**	(1,137,016)
Re-measurement gain on obligations	**(417,472)**	(3,217,948)
Defined benefit obligations at the end of the year	**35,565,158**	32,681,568
Less: Advances against employees' defined benefit liabilities	**(5,036,470)**	(4,871,470)
	30,528,688	27,810,098

Significant assumptions used in determining the post-employment defined benefit obligations includes the following:

	December 31, 2023 % Per annum	December 31, 2022 % Per annum
Discount rate	**4.8%**	4.2%
Future growth rate	**4.0%**	4.0%

A quantitative sensitivity analysis for discount rate assumption on the defined benefit obligations as at December 31, are shown below:

Assumptions	**Discount rate per annum**	
Sensitivity level	**1% Increase**	**1% Decrease**
Defined benefit obligations as at December 31, 2023	**32,844,230**	**38,512,348**
Defined benefit obligations as at December 31, 2022	30,181,250	35,389,803

Assumptions	**Salary increase rate per annum**	
Sensitivity level	**1% Increase**	**1% Decrease**
Defined benefit obligations as at December 31, 2023	**38,511,497**	**32,843,827**
Defined benefit obligations as at December 31, 2022	35,389,020	30,180,880

The sensitivity analysis mentioned above have been determined based on a method that extrapolates the impact on the defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

(Expressed in Saudi Riyals)

19. LEASE LIABILITY

The following are the amounts recognised in the statement of profit or loss and other comprehensive income:

	December 31, 2023	December 31, 2022
As at January 01	**1,027,265**	1,468,964
Addition	**3,845,885**	-
Interest	**272,503**	74,396
Payments	**(1,529,831)**	(516,095)
As at December 31	**3,615,822**	1,027,265

Lease liabilities are allocated into current and non-current as of December 31, 2023 based on the maturity as follows.

	December 31, 2023	December 31, 2022
Current portion	**1,139,284**	580,165
Non –current portion	**2,476,538**	447,100
Total	**3,615,822**	1,027,265

The contractual maturity of lease liabilities (undiscounted) is as follows:

	December 31, 2023	December 31, 2022
Within one year	**1,248,581**	1,473,581
1-5 years	**2,846,783**	4,095,364
Total	**4,095,364**	5,568,945

20. ACCOUNTS PAYABLE

	December 31, 2023	December 31, 2022
Accounts payable		
- To third parties	**95,408,573**	82,480,863
- To related parties (note 30)	**1,301,126**	573,908
	96,709,699	83,054,771

21. ACCRUALS AND OTHER LIABILITIES

	December 31, 2023	December 31, 2022
Accrued expenses	**28,763,856**	12,317,286
Employee's related accruals	**11,423,462**	4,761,511
Vat payable, net	**5,071,935**	6,598,317
Advances from customers	**30,273,448**	34,325,842
Other provisions	**3,760,000**	7,098
	79,292,701	58,010,054

(Expressed in Saudi Riyals)

22. SHORT TERM LOANS

The Company had availed short term loans from commercial banks for working capital purposes. The loans carried financial charges at commercial rates and were secured by personnel guarantee from one of the shareholders of the Company. The loans was repayable within one year from the end of last financial year and are accordingly fully settled during the year.

The movement of short-term loans is as follows:

	December 31, 2023	December 31, 2022
At beginning of the year	**-**	9,164,276
Additions during the year	**3,500,000**	21,271,088
Paid during the year	**(3,602,314)**	(30,716,995)
Interest accrued during the year	**102,314**	281,631
At end of the year	**-**	-

23. PROVISION FOR ZAKAT

23.1 Movement of provision for Zakat

The movement of provision for Zakat is as follows:

	December 31, 2023	December 31, 2022
At the beginning of the year	**5,657,674**	4,620,642
Charged during the year	**6,772,735**	5,657,674
Paid during the year	**(5,594,028)**	(5,097,681)
Charge for previous years	**78,375**	-
(Over) / under provision for previous year	**(63,645)**	477,039
At the end of the year	**6,851,110**	5,657,674

23.2 Charge for the year

	December 31, 2023	December 31 2022
Current year charge	**6,772,735**	5,657,674
Under provision for previous year	**14,729**	477,039
Total charge for the year	**6,787,464**	6,134,713

Status of assessments

The Company has submitted its Zakat returns/declarations for the years upto December 31, 2022. During the year, the Company has finalized and agreed its Zakat assessments for the years 2017 and 2018 with the Zakat, Tax and Customs Authority (ZATCA) amounted to SR 2,108,516 and same amount was reimbursed by the shareholders.

With respect to ongoing appeals for the year 2015 for the balance claim of SR 359,873, the Company has received final order from General Secretariat of Tax Committees (GSTC) wherein the claim has been reduced from SR 359,873 to SR 78,374 for which the Company has agreed. Assessments for the years 2019 to 2022 is currently under study by ZATCA.

(Expressed in Saudi Riyals)

24. REVENUE

Type of goods or services and timing of revenue recognition

	December 31, 2023	December 31, 2022
Revenue transferred at a point in time		
Sale of traded goods (note 24.1)	**459,542,086**	303,122,995
Technical services	**103,025,852**	57,516,008
Sales commission	**4,723,103**	2,944,193
Manufacturing	**20,952,601**	15,507,583
Revenue transferred over the time		
Technical services	**133,267,935**	116,948,910
Total revenue	**721,511,577**	496,039,689

24.1 Disaggregation of revenue

The revenue includes export to a single customer amounted to SR 2,591,883 (2022: SR 6,098,319). All other revenues are generated within Kingdom of Saudi Arabia during the year.

25. COST OF REVENUE

	December 31, 2023	December 31, 2022
Cost of materials consumed	**378,457,324**	240,342,311
Sub-contracting and project material costs	**121,446,704**	100,547,066
Employees' costs	**69,696,365**	34,590,384
Depreciation and amortization	**3,686,917**	2,220,412
Others	**13,472,607**	3,198,590
	586,759,917	380,898,763

26. GENERAL AND ADMINISTRATIVE EXPENSES

	December 31, 2023	December 31, 2022
Employees' costs	**56,144,544**	53,237,605
Rent	**2,189,006**	2,254,106
Repairs and maintenance	**2,568,160**	1,851,510
Depreciation and amortization	**2,882,346**	2,331,540
Information technology expenses	**1,772,382**	1,324,699
Electricity and water	**1,040,256**	836,781
Travel	**3,041,860**	2,349,931
Professional fees	**553,050**	478,098
Communication	**717,422**	529,218
Insurance	**731,274**	475,938
Allowance for other provisions	**3,760,000**	-
Others	**7,805,819**	7,883,217
	83,206,119	73,552,643

(Expressed in Saudi Riyals)

27. OTHER INCOME

	December 31, 2023	December 31, 2022
Rent	**3,102,610**	3,125,512
Gain on disposal of property and equipment	**152,285**	19,812
Net gain/ (loss) on investment at FVTPL (note 14.2)	**1,175,436**	(3,757,464)
Others	**2,930,340**	2,176,490
	7,360,671	1,564,350

28. FINANCE COSTS

	December 31, 2023	December 31, 2022
Interest on short term loans	**102,314**	281,631
Interest on lease liabilities	**272,503**	74,396
Others	**1,443,505**	1,643,645
	1,818,322	1,999,672

29. EARNINGS PER SHARE

The calculation of earnings per share is based on the following profit attributable to the shareholders of the Company and weighted average number of ordinary shares outstanding during the year:

	December 31, 2023	December 31, 2022 (Restated)
Net profit after zakat	**81,469,112**	67,384,817
Weighted average number of shares for calculation for basic earnings per share (note 29.1 and note 29.2)	**157,773,377**	158,000,000
Weighted average number of shares - ESOP (note 17)	**18,911**	-
Weighted average number of shares of repurchased shares (note 17)	**207,712**	-
Weighted average number of shares for calculation for diluted earnings per share	**158,000,000**	158,000,000
Earnings per share:		
Basic	**0.5164**	0.4265
Diluted	**0.5156**	0.4265

29.1 The weighted average number of shares outstanding during the year has been adjusted due to repurchase of Company shares (note 17).

29.2 The weighted average number of shares outstanding during the year and the comparative year have been adjusted retrospectively as a result of the Extraordinary General Assembly approval on August 08, 2023 and before the approval of these financial statements to split the nominal value of the shares from SR 10 per share to SR 1 per share and the increase in the number of shares from 15.8 million shares to 158 million shares.

30. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. The Company considers the members of the Board of Directors (and its sub-committees) and Executive Committee to be key management personnel for the purposes of IAS 24 Related Party Disclosures. Following is the list of the major related parties of the Company:

Names of related parties	*Nature of relationship*
Gas Gulf for Trading & Contracting Company	Shareholder
Gas Asia for Trading & Contracting Company	Shareholder
Future Cooperation Company Limited	Shareholder
Future Generation Company Limited	Shareholder
Future Prospects Company Limited	Shareholder
FS Elliot Services Company Limited	Joint venture
Yokogawa Services Saudi Arabia Company Limited	Associate
Gas Vector Saudi Arabia Company Limited	Associate
Elliot Gas Services Saudi Arabia Company Limited	Joint venture
Elster Instromet Saudi Arabia Company	Associate
FS Elliot Saudi Arabia Company Limited	Joint venture
Weidmular Saudi Arabia Factory	Joint venture
TubeFit Engineers Arabia (note 10)	Joint venture
Eagle Burgmann Saudi Arabia Company Limited	Affiliate
TCR Arabia Company Limited	Affiliate
Magnetrol Gas	Affiliate
Mr. Abdulrahman Khalid Aldabal	Key management personnel
Mr. Faisal Khalid Aldabal	Key management personnel
Mr. Aref Khalid Aldabal	Key management personnel

(Expressed in Saudi Riyals)

30. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Following are the major transactions and balances with related parties:

Related parties	*Relationship*	*Nature of transactions*	*Amount of transactions*	
			December 31, 2023	*December 31, 2022*
Elliot Gas Services Saudi Arabia Company Limited	Joint venture	Sale of goods and technical services provided	**763,966**	1,714,044
Eagle Burgmann Saudi Arabia Company Limited	Affiliate	Sale of goods and technical services provided	**118,566**	-
Elster Instromet Saudi Arabia Company	Associate	Sale of goods and technical services provided	**1,286,964**	962,191
		Rental income	**1,943,213**	1,940,626
		Purchase of goods	**(3,294,818)**	(315,140)
FS Elliot Saudi Arabia Company Limited	Joint venture	Rental income	**551,310**	549,844
		Technical services provided	**103,500**	116,979
Yokogawa Services Saudi Arabia Company Limited	Associate	Sale of goods and technical services provided	**86,807**	777,861
		Purchase of goods	**(1,977,190)**	(2,330,704)
		Technical services received	**697,312**	659,396
FS Elliot Services Company Limited	Joint venture	Rental income	**275,655**	274,992
		Sale of goods and technical services provided	**105,268**	234,139
		Technical services received	**(168,811)**	(1,148,915)
Gas Vector Saudi Arabia Company Limited	Associate	Sale of goods and technical services provided	**1,064,441**	349,101
		Purchase of goods	**(398,493)**	(3,498,110)
Wedmular Saudi Arabia Factory	Joint venture	Additional investment	**-**	(2,450,000)
		Purchase of goods and services	**(996,907)**	(1,535,596)
		Sale of goods and services	**444,744**	213,476
TCR Arabia Company Limited	Affiliate	Rental income	**754,197**	754,197
SGB Al-Dabal Company Limited	Affiliate	Purchase of goods and services	**(1,402,937)**	-
Future Prospects Company limited	Shareholder	Transfer cost of capital work in progress	**-**	11,200,567

(Expressed in Saudi Riyals)

30. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Related parties	Relationship	Nature of transactions	Amount of transactions December 31, 2023	Amount of transactions December 31, 2022
Mr. Aref Khalid Aldabal	Key management personnel	Rent payment	**(487,500)**	(487,500)
Mr. Abdulrahman Khalid Aldabal	Key management personnel	Rent payment	**(386,991)**	(481,513)
Mr. Khalid Abdulrahman Aldabal & Ms. Hind Abdulrahman Aldabal	Key management personnel	Rent payment	**(514,443)**	(348,210)
Ms. Nora Abdulrahman Albabal & Ms. Kholoud Abdulrahman Aldabal	Key management personnel	Rent payment	**(45,000)**	(45,000)

Pricing policies and terms of payments of the above transactions with related parties have been approved by the Company's management.

In addition to the above the Company incurred the following compensation of key management personnel of the Company:

	December 31, 2023	December 31, 2022
Short-term employee benefits	**7,284,007**	6,477,752
Employees' defined benefit liabilities	**2,093,331**	1,810,591
Total compensation	**9,377,338**	8,288,343

The breakdown of amounts due from/to related parties is as follows:

30.1 Accounts receivable (note 12):

	December 31, 2023	December 31, 2022
Elliot Gas Services Saudi Arabia Company Limited	**-**	142,039
Gas Vector Saudi Arabia Company Limited	**314,865**	253,592
TCR Arabia Company Limited	**341,904**	754,197
Elster Instromet Saudi Arabia Company Limited	**148,985**	824,191
Yokogawa Services Saudi Arabia Company Limited	**140,664**	927,389
FS Elliot Services Company Limited	**1,768**	-
Eagle Burgmann Saudi Arabia Company Limited	**118,566**	-
Wedmular Company Limited	**272,120**	2,459
Other affiliates/associates	**-**	16,675
	1,338,872	2,920,542

30.2 Prepayments and other receivables (note 13):

	December 31, 2023	December 31, 2022
Elster Instromet Saudi Arabia Company Limited	**2,240,000**	2,240,000
Gas Vector Saudi Arabia Company Limited	**-**	1,787,535
FS Elliot Saudi Arabia Company Limited	**1,286,882**	1,286,873
TCR Arabia Company Limited	**307,994**	431,911
FS Elliot Services Company Limited	**411,125**	411,125
Wedmular Company Limited	**471,173**	471,173
Magnetrol Gas	**65,925**	65,934
TubeFit Engineers Arabia	**12,000**	-
	4,795,099	6,694,551
Less: provision for due from a related party	**(2,240,000)**	-
	2,555,099	6,694,551

(Expressed in Saudi Riyals)

30. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

30.3 Accounts payable (note 20):

	December 31, 2023	December 31, 2022
FS Elliot Services Company Limited	**108,123**	8,600
Yokogawa Services Saudi Arabia Company Limited	**887,071**	406,301
Gas Vector Saudi Arabia Company Limited	**12,613**	43,521
Wedmular Company Limited	**189,839**	59,675
Elster Instromet Saudi Arabia Company Limited	**-**	42,694
Eagle Burgmann Saudi Arabia Company Limited	**735**	2,320
TCR Arabia Company Limited	**13,636**	10,797
First Insurance & Reinsurance Broker Company	**12,757**	-
SGB Al-Dabal Company Limited	**76,352**	-
	1,301,126	573,908

31. SEGMENT INFORMATION

Operating segments
For management purposes, The Company is organized into business units based on their operations and has the following three reportable segments**:**

a) The Technical services segment- This segment provides technical manpower services and executes technical engineering projects.
b) The Trading segment - The segment is engaged in sales of industrial, electrical, mechanical, hydro-mechanical, petroleum and other technical equipment.
c) The manufacturing segment- This segment is engagement in manufacturing of piping spools, structural steel fabrication, pressure reduction stations and other industry essential products.

All of the Company's operations are located in the Kingdom of Saudi Arabia. The selected information for each operating segment for the year ended December 31, 2023 and December 31, 2022 are as follows:

For the year ended December 31, 2023	**Technical services**	**Trading**	**Manufacturing**	**Unallocated**	**Total**
Revenue	**236,293,788**	**464,265,188**	**20,952,601**	**-**	**721,511,577**
Cost of revenue	**(187,912,157)**	**(385,122,148)**	**(13,725,612)**	**-**	**(586,759,917)**
Gross profit	**48,381,631**	**79,143,040**	**7,226,989**	**-**	**134,751,660**
General and administrative expenses	**-**	**-**	**-**	**(83,206,119)**	**(83,206,119)**
Allowance for expected credit losses	**-**	**-**	**-**	**(6,433,837)**	**(6,433,837)**
Other income	**-**	**-**	**-**	**7,360,671**	**7,360,671**
Finance costs	**-**	**-**	**-**	**(1,818,322)**	**(1,818,322)**
Share in results of associates and joint ventures	**-**	**-**	**-**	**37,602,523**	**37,602,523**
Profit before Zakat	**-**	**-**	**-**	**88,256,576**	**88,256,576**
Total assets	**60,731,723**	**93,318,933**	**7,854,168**	**424,505,390**	**586,410,214**
Total liabilities	**-**	**-**	**-**	**225,719,989**	**225,719,989**

(Expressed in Saudi Riyals)

31. SEGMENT INFORMATION (CONTINUED)

For the year ended December 31, 2022	Technical services	Trading	Manufacturing	Unallocated	Total
Revenue	174,464,918	306,067,188	15,507,583	-	496,039,689
Cost of revenue	(129,572,596)	(245,981,984)	(5,344,182)	-	(380,898,763)
Gross profit	44,892,322	60,085,204	10,163,400	-	115,140,926
General and administrative expenses	-	-	-	(73,552,643)	(73,552,643)
Reversal for expected credit losses	-	-	-	1,030,143	1,030,143
Other income	-	-	-	1,564,350	1,564,350
Finance costs	-	-	-	(1,999,672)	(1,999,672)
Share in results of associates and joint ventures	-	-	-	31,336,426	31,336,426
Profit before Zakat	-	-	-	73,519,530	73,519,530
Total assets	49,270,435	85,388,384	12,284,645	352,414,087	499,357,551
Total liabilities	-	-	-	182,188,988	182,188,988

32. FINANCIAL INSTRUMENTS BY CATEGORY

	December 31, 2023		
	Total	**At amortized cost**	**at FVTPL**
Financial assets			
Accounts receivables	**149,927,622**	**149,927,622**	**-**
Prepayment and other receivables - Due from related parties	**2,555,099**	**2,555,099**	**-**
Cash at banks	**91,059,388**	**91,059,388**	**-**
Total	**243,542,109**	**243,542,109**	**-**

	December 31, 2023		
	Total	**at amortised cost**	**at FVTPL**
Financial liabilities			
Accounts payables	**96,709,699**	**96,709,699**	**-**
Accruals and other liabilities	**79,292,701**	**79,292,701**	**-**
Lease liabilities	**3,615,822**	**3,615,822**	**-**
Total	**179,618,222**	**179,618,222**	**-**

(Expressed in Saudi Riyals)

32. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	December 31, 2022		
	Total	At amortised cost	at FVTPL
Financial assets			
Investments at fair value through profit or loss ("FVTPL")	11,216,264	-	11,216,264
Accounts receivables	145,212,347	145,212,347	-
Prepayment and other receivables - Due from related parties	6,694,551	6,694,551	-
Cash at banks	67,915,356	67,915,356	-
Total	231,038,518	219,822,254	11,216,264

	December 31, 2022		
	Total	At amortised cost	at FVTPL
Financial liabilities			
Accounts payables	83,054,771	83,054,771	-
Accruals and other liabilities	58,010,054	58,010,054	-
Lease liabilities	1,027,265	1,027,265	-
Total	142,092,090	142,092,090	-

The Company's exposure to various risks associated with the financial instruments is discussed in Note 33. The maximum exposure to credit risk at the end of the reporting year is the carrying amount of each class of financial assets mentioned above.

33. FINANCIAL INSTRUMENTS

The Company's principal financial liabilities comprise payables, short term facilities and term loans. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include cash and cash equivalents, investments at FVTPL and receivables.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk and price risk). The Company's overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby consistently seeking to minimize potential adverse effects on the Company's financial performance.

33.1 Credit risk

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company is exposed to credit risk on its bank balances and accounts receivables as follows:

Financial assets	**December 31, 2023**	December 31, 2022
Cash at banks	**91,059,388**	67,915,356
Accounts receivables	**149,927,622**	145,212,347
	240,987,010	213,127,703

(Expressed in Saudi Riyals)

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.1 Credit risk (Continued)

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk on bank balances, accounts receivables and other receivables is limited as cash balances are held with banks with sound credit ratings and the accounts receivables and other receivables are shown net of allowance for impairment.

The Company manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. Before accepting any new credit customer, the Company has its own credit policy to assess the potential customer's credit quality and defines the credit limits for the new customer. These policies are reviewed and updated regularly. Moreover, the Company seeks to manage its credit risk by monitoring outstanding receivables on an ongoing basis.

33.1.1 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Following are the contractual maturities at the end of the reporting period of financial and non-financial liabilities:

December 31, 2023	**Within one year**	**2-5 years**	**More than 5 years**	**Total**
Accounts payables	**96,709,699**	**-**	**-**	**96,709,699**
Accruals and other liabilities	**79,292,701**	**-**	**-**	**79,292,701**
Lease liabilities	**1,248,581**	**2,846,783**	**-**	**4,095,364**
	177,250,981	**2,846,783**	**-**	**180,097,764**

December 31, 2022	Within one year	2-5 years	More than 5 years	Total
Accounts payables	83,054,771	-	-	83,054,771
Accruals and other liabilities	58,010,054	-	-	58,010,054
Lease liabilities	1,473,581	4,095,364	-	5,568,945
	142,538,406	4,095,364	-	146,633,770

The maturity analysis of lease liabilities is disclosed under note 19.

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Company's future commitments. The Company's terms of sales require amounts to be paid mostly on cash on delivery.

i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Financial instruments affected by market risk include investment at FVTPL.

Management believes that Company's exposure to price risk is limited because the amounts of the underlying balances and transactions are marginal. The Company is exposed to interest rate risk on its investment at FVTPL.

33. FINANCIAL INSTRUMENTS (CONTINUED)

ii. Interest rate risk

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows and short-term loans bear variable finance costs at prevailing market rate.

iii. Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyal (SR) and Unites States Dollar (USD). The Company's management believe that their exposure to currency risk associated with the USD is limited as the Saudi Riyal is pegged to the USD.

33.1.2 Measurement of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2: inputs other than quoted prices included level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.
The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Investment at FVTPL is determined at level 1 of the fair value hierarchy. As of December 31, 2023, the carrying amount of financial assets and financial liabilities of the Company approximate their fair value.

33.1.3 Capital management

For the purpose of the Company's capital management, capital includes issued capital, statutory reserve and retained earnings the Company. The primary objective of the Company's capital management is to maximize the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

33.1.4 Changes in liabilities arising from financing activities are as follows:

	As at January 01, 2023	**Movement during the year**	**Interest during the year**	**Cash outflows**	**As at December 31, 2023**
Short term loans	**-**	**3,500,000**	**102,314**	**(3,602,314)**	**-**
Lease liability	**1,027,265**	**3,845,885**	**272,503**	**(1,529,831)**	**3,615,822**
	1,027,265	**7,345,885**	**374,817**	**(5,132,145)**	**3,615,822**

	As at January 01, 2022	Movement during the year	Interest during the year	Cash outflows	As at December 31, 2022
Short term loans	9,164,276	21,271,088	281,631	(30,716,995)	-
Lease liability	1,468,964	-	74,396	(516,095)	1,027,265
	10,633,240	21,271,088	356,027	(31,233,090)	1,027,265

34. DISTRIBUTIONS MADE TO SHAREHOLDERS

During the year December 31, 2023, the shareholders approved the dividend amounted to SR 35.55 million and it was also paid to the shareholders (for the year ended December 31, 2022: SR 31.6 million).

35. CONTINGENCIES AND COMMITMENTS

As at December 31, 2023, the Company has issued outstanding letters of guarantee amounting to SR 147 million (December 31, 2022: SR 200 million) and letters of credit amounting to SR 6.8 million (December 31, 2022: SR 8.26 million) issued by the local banks on behalf of Company in the ordinary course of business. Further, the Company has Capital commitments amounting to SR 9.58 million (December 31, 2022: SR 17.60 million) on account of construction of Company's new office building.

36. COMPARATIVE FIGURES

Below comparative figure has been reclassified in order to conform with the presentation for the current year. Such reclassification has been made by the Company to improve the quality of information presented.

- Depreciation and amortization amounted to SR 4,551,922 previously presented as a separate line item in the statement of profit or loss and other comprehensive income is now included in cost of revenue and general and administrative expenses amounted to SR 2,220,412 and SR 2,331,540 respectively.

- Reversal for expected credit losses amounted to SR 1,030,143 previously included in general and administrative expenses is now presented as separate line item in the statement of profit or loss and other comprehensive income.

37. SUBSEQUENT EVENTS

On March 06, 2024, the Board of Directors has recommended a dividend of SR 47,277,217 to the Ordinary General Assembly of the Company.

38. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been authorized for issue and approved by the Board of Directors of the Company on March 06, 2024 G.