ELECTRICAL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

ELECTRICAL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

INDEX	**PAGE**

KPMG Professional Services
16th Floor, Al Barghash Tower
6189 Prince Turki Road, Al Corniche
P.O. Box 4803
Al Khobar, 34412 - 3146
Kingdom of Saudi Arabia
Commercial Registration No 2051062328

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
الطابق ١٦، برج البرغش
٦١٨٩ طريق الأمير تركي، الكورنيش
ص.ب ٤٨٠٣
الخبر ٣٤٤١٢ - ٣١٤٦
المملكة العربية السعودية
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

Independent auditor's report

To the Shareholders of Electrical Industries Company (A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Electrical Industries Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated 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 Matter

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

KPMG

Independent auditor's report

To the Shareholders of Electrical Industries Company (A Saudi Joint Stock Company) (Continued)

Key audit matter (continued)

Expected credit loss allowance on trade receivables

The key audit matter	How the matter was addressed in our audit
Refer to Note 3 (f) for the accounting policies, Note 2.5 for the disclosure of critical accounting estimates and judgements and Notes 11 and 37 for the related disclosures in the accompanying consolidated financial statements. As at 31 December 2023, the Group maintains an ECL allowance amounting to Saudi Riyals 19.25 million against trade receivables amounting to Saudi Riyals 575.4 million. The Group's management has applied a simplified ECL model to determine the ECL allowance on trade receivables as at 31 December 2023. The ECL model involves the use of various assumptions, macro-economic factors and study of historical trends relating to the Group's trade receivables collections experience in line with the requirements of International Financial Reporting Standard 9 'Financial Instruments' ("IFRS 9"). We considered this a key audit matter due to the judgements and estimates involved in the application of the ECL model.	Our audit procedures in this area include, among others: – Obtained understanding of the accounting policy adopted and the methodology applied by the Group management in the ECL model to determine the ECL allowance for trade receivables. – Obtained understanding of and evaluated the design, implementation and operating effectiveness of key internal controls over the measurement of expected credit losses on trade receivables, including credit approval process, credit monitoring management, segmentation by risk characteristics, aging analysis review, forward-looking information and estimation of allowance for expected credit losses – Tested the completeness and accuracy of the aging report for trade receivables. – Involved our specialist in assessing the methodology applied by the Group 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 provision for impairment of trade receivables; and – Evaluated the adequacy and appropriateness of related disclosures made by the management in the consolidated financial statements.

Independent auditor's report

To the Shareholders of Electrical Industries Company (A Saudi Joint Stock Company) (Continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Independent auditor's report

To the Shareholders of Electrical Industries Company (A Saudi Joint Stock Company) (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Electrical Industries Company ("the Company") and its subsidiaries ("the Group").

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

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

For KPMG Professional Services

كي بي إم جي للاستشارات المهنية
Lic No. 46
C.R. 2051062328
K : 1
KPMG
ترخيص رقم ٤٦
س.ت: ٢٠٥١٠٦٢٣٢٨
KPMG Professional Services

Dr Abdullah Hamad Al Fozan
License No: 348

Al Khobar, 7 Ramadan 1445H
Corresponding to: 17 March 2024G

ELECTRICAL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2023	31 December 2022
ASSETS			
Property, plant and equipment	6	**252,989,939**	253,890,680
Right of use assets	7	**21,914,657**	24,561,440
Intangible assets	8	**10,755,019**	10,052,760
Financial assets at fair value through other comprehensive income	9	**21,888,212**	15,500,032
Total non-current assets		**307,547,827**	304,004,912
Inventories	10	**911,889,136**	718,865,713
Trade and other receivables	11	**558,389,395**	464,199,155
Prepayments and other current assets	12	**49,788,347**	64,404,097
Cash and cash equivalents	13	**68,308,676**	122,295,427
Total current assets		**1,588,375,554**	1,369,764,392
TOTAL ASSETS		**1,895,923,381**	1,673,769,304
EQUITY AND LIABILITIES			
Share capital	14	**562,500,000**	450,000,000
Statutory reserve	15	**62,175,598**	62,175,598
Treasury shares	16	**(9,861,621)**	(9,861,621)
Foreign currency translation reserve	17	**(980,490)**	(2,121,897)
Share based payment reserve	19	**1,501,809**	1,432,378
Fair value reserve	18	**264,516**	126,336
Retained earnings		**129,198,585**	129,010,081
Total equity		**744,798,397**	630,760,875
Liabilities			
Long term borrowings	20	-	-
Lease liabilities	7	**20,892,293**	22,619,993
Employees' benefits	21	**104,181,259**	90,870,112
Total non-current liabilities		**125,073,552**	113,490,105
Current portion of long-term borrowings	20	-	16,605,296
Short-term murabaha borrowings	22	**392,010,183**	415,017,949
Trade and other payables	23	**164,881,534**	150,432,521
Accrued expenses and other current liabilities	24	**439,460,741**	327,291,754
Current portion of lease liabilities	7	**2,999,751**	3,290,115
Zakat and income tax liabilities	25	**26,699,223**	16,880,689
Total current liabilities		**1,026,051,432**	929,518,324
Total liabilities		**1,151,124,984**	1,043,008,429
TOTAL EQUITY AND LIABILITIES		**1,895,923,381**	1,673,769,304

The consolidated financial statements including accompanying notes appearing on pages 5 to 62 were authorised for issue by the Board of Directors of the Group on 11 March 2024 (corresponding to 1 Ramadan 1445H) and signed on their behalf by:

Yousef Al Quraishi	**Tariq Al Tahini**	**Medhat A. Ghaleb**
(Designated member)	(Managing Director)	(EVP Finance and IT)

ELECTRICAL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

(All amounts in Saudi Riyal unless otherwise stated)

	Notes	For the year ended 31 December	
		2023	2022
Revenue	26	**1,559,350,954**	1,066,088,833
Cost of sales	27	**(1,158,055,809)**	(828,466,825)
Gross profit		**401,295,145**	237,622,008
Operating expenses			
Selling and distribution expenses	28	**(53,167,777)**	(46,584,622)
General and administrative expenses	29	**(72,344,178)**	(54,159,730)
Impairment loss on trade receivables	11	**(7,543,148)**	(3,171,978)
Other income	30	**21,556**	1,090,056
Other expense	31	**(3,739,521)**	(3,186,292)
Operating profit		**264,522,077**	131,609,442
Finance cost	32	**(34,934,391)**	(19,577,624)
Profit before zakat and income tax		**229,587,686**	112,031,818
Zakat and income tax expense	25	**(28,553,699)**	(17,861,808)
Profit for the year		**201,033,987**	94,170,010
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Loss on re-measurements of defined benefit liability	21	**(3,970,483)**	(5,760,671)
Equity investments at FVOCI – net change in fair value	9.2	**138,180**	89,488
		(3,832,303)	(5,671,183)
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	17	**1,141,407**	(664,791)
		1,141,407	(664,791)
Other comprehensive loss for the year		**(2,690,896)**	(6,335,974)
Total comprehensive income for the year		**198,343,091**	87,834,036
Earnings per share			
Basic	33	**0.18**	0.08
Diluted	33	**0.18**	0.08

Yousef Al Quraishi	**Tariq Al Tahini**	**Medhat A. Ghaleb**
(Designated member)	(Managing Director)	(EVP Finance and IT)

The accompanying notes appearing on pages 5 to 62 form an integral part of these consolidated financial statements.

ELECTRICAL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts in Saudi Riyal unless otherwise stated)

	Note	Share capital	Statutory reserve	Treasury shares	Foreign currency translation reserve	Share based payment reserve	Fair value reserve	Retained earnings	Total
As at 1 January 2022		450,000,000	52,758,597	(9,861,621)	(1,457,106)	1,308,332	36,848	95,017,743	587,802,793
Total comprehensive income for the year									
Profit for the year		-	-	-	-	-	-	94,170,010	94,170,010
Other comprehensive (loss) / income for the year		-	-	-	(664,791)	-	89,488	(5,760,671)	(6,335,974)
Total comprehensive (loss) / income for the year		-	-	-	(664,791)	-	89,488	88,409,339	87,834,036
Transfer to statutory reserve		-	9,417,001	-	-	-	-	(9,417,001)	-
Transactions with owners in their capacity as owners									
Equity settled share-based payment		-	-	-	-	124,046	-	-	124,046
Dividends	36	-	-	-	-	-	-	(45,000,000)	(45,000,000)
Total transactions with owners in their capacity as owners		-	-	-	-	124,046	-	(45,000,000)	(44,875,954)
As at 31 December 2022		450,000,000	62,175,598	(9,861,621)	(2,121,897)	1,432,378	126,336	129,010,081	630,760,875
Total comprehensive income for the year									
Profit for the year		-	-	-	-	-	-	**201,033,987**	**201,033,987**
Other comprehensive income / (loss) for the year		-	-	-	**1,141,407**	-	**138,180**	**(3,970,483)**	**(2,690,896)**
Total comprehensive income for the year		-	-	-	**1,141,407**	-	**138,180**	**197,063,504**	**198,343,091**
Transactions with owners in their capacity as owners									
Increase in share capital	14.1	**112,500,000**	-	-	-	-	-	**(112,500,000)**	-
Equity settled share-based payment		-	-	-	-	**3,139,881**	-	-	**3,139,881**
Utilisation of share-based payment reserve		-	-	-	-	**(3,070,450)**	-	-	**(3,070,450)**
Dividends	36	-	-	-	-	-	-	**(84,375,000)**	**(84,375,000)**
Total transactions with owners in their capacity as owners		**112,500,000**	-	-	-	**69,431**	-	**(196,875,000)**	**(84,305,569)**
As at 31 December 2023		**562,500,000**	**62,175,598**	**(9,861,621)**	**(980,490)**	**1,501,809**	**264,516**	**129,198,585**	**744,798,397**

Yousef Al Quraishi (Designated member)	**Tariq Al Tahini** (Managing Director)	**Medhat A. Ghaleb** (EVP Finance and IT)

The accompanying notes appearing on pages 5 to 62 form an integral part of these consolidated financial statements.

ELECTRICAL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts in Saudi Riyal unless otherwise stated)

	Notes	2023	2022
Cash flows from operating activities			
Profit before zakat and tax		**229,587,686**	112,031,818
Adjustments for:			
Depreciation of property, plant and equipment	6	**20,740,435**	21,974,069
Depreciation of right of use assets	7	**4,516,313**	4,197,940
Amortization of intangibles assets	8	**2,371,596**	1,583,912
Impairment loss on trade receivables	11	**7,543,148**	3,171,978
Allowance for inventory obsolescence	10	**337,023**	4,473,058
Finance cost	32	**34,934,391**	19,577,624
Equity-settled share-based payment expense		**3,139,881**	124,046
Employee benefit obligations	21	**11,764,461**	7,759,765
Loss / (gain) on disposal of property, plant and equipment	30&31	**401,224**	(120,000)
Dividend income		**(1,093)**	(1,013)
		315,335,065	174,773,197
Changes in working capital			
Inventories		**(192,013,290)**	(282,889,675)
Trade and other receivables		**(100,832,784)**	(78,361,693)
Prepayments and other current assets		**14,648,022**	(34,847,521)
Trade and other payables		**12,995,018**	26,742,285
Accrued expenses and other current liabilities		**112,168,987**	144,531,048
Cash generated from / (used in) operations		**162,301,018**	(50,052,359)
Employees' benefits paid	21	**(2,423,797)**	(3,178,785)
Finance cost paid		**(33,962,667)**	(19,459,808)
Zakat and income tax paid	25	**(18,778,443)**	(14,959,855)
Net cash/ generated from / (used in) operating activities		**107,136,111**	(87,650,807)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	**(21,926,612)**	(8,748,694)
Purchase of intangibles assets	8	**(1,176,435)**	(1,802,214)
Proceeds from disposal of property, plant and equipment		**5,642**	120,000
Payment of acquisition of financial assets at FVOCI		**(6,250,000)**	-
Payment for initial direct cost of lease		**(343,467)**	-
Dividends received		**1,093**	1,013
Net cash used in investing activities		**(29,689,779)**	(10,429,895)
Cash flows from financing activities			
Net movement on short-term borrowings	37.3	**(23,934,786)**	218,490,411
Repayments of long-term borrowings	20	**(16,650,000)**	(14,750,000)
Principal payment of lease liabilities	7	**(3,618,225)**	(3,983,126)
Payments against share-based payment reserve		**(3,070,450)**	-
Dividend paid	36	**(84,375,000)**	(45,000,000)
Net cash (used in) / generated from financing activities		**(131,648,461)**	154,757,285
Net (decrease) / increase in cash and cash equivalents		**(54,202,129)**	56,676,583
Cash and cash equivalents at the beginning of the year		**122,295,427**	65,630,379
Effect of movement in exchange rate on cash and cash equivalents		**215,378**	(11,535)
Cash and cash equivalents at the end of the year	13	**68,308,676**	122,295,427
Significant non-cash transactions			
Additions to lease liabilities and right of use assets	7	**960,705**	-
Exchange differences on property, plant and equipment and right of use assets		**781,018**	1,763,412
Amortization of transaction cost	20	**44,704**	117,816

Yousef Al Quraishi	**Tariq Al Tahini**	**Medhat A. Ghaleb**
(Designated member)	(Managing Director)	(EVP Finance and IT)

The accompanying notes appearing on pages 5 to 62 form an integral part of these consolidated financial statements.

(All amounts in Saudi Riyal unless otherwise stated)

1. ORGANIZATION AND ACTIVIITES

Electrical Industries Company (the "Company" or "EIC") and its subsidiaries (collectively the "Group") consist of the Company and its following subsidiaries registered as limited liability Companies:

	Effective ownership at 31 December	
	2023	2022
Kingdom of Saudi Arabia:		
Wahah Electric Supply Company of Saudi Arabia Limited ("WESCOSA")	**100%**	100%
Saudi Transformers Company Limited ("STC")	**100%**	100%
Saudi Power Transformers Company Limited ("SPTC")	**100%**	100%
United Arab Emirates:		
Gulf Electrical Equipment Company L.L.C. ("GEEC")	**100%**	100%
Belgium:		
Pauwels Transformers NV ("PTNV") (100% owned by GEEC)	**100%**	100%

The Group is principally engaged in the manufacturing, assembly, supply and repair and maintenance of transformers, compact substations and low voltage distribution panels, electrical distribution boards, cable trays, switch gears and other electrical equipment as well as provision of technical services relating to these activities.

The Company is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration ("CR") number 2050056359 issued in Dammam on 22 Shaban 1428 H (4 September 2007). These consolidated financial statements include the operations of the Company and its branch registered in Dammam under CR number 2050105757 dated 24 Rajab 1436H (13 May 2015). The registered address of the Company is P.O. Box 6033, Al Khobar 31442, Kingdom of Saudi Arabia.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The Board of Directors of the Company in its meeting held on 21 May 2023 has reviewed the amended bylaws of the Company and has recommended to the Extraordinary General Assembly for endorsement. Accordingly, the EGM in its meeting held on 21 of June 2023 has approved the new Company's bylaws to be line with the New Companies Law.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2. BASIS OF PREPARATION (Continued)

2.2 Basis of measurement

The consolidated financial statements have been prepared on a going concern basis, applying a historical cost convention, except for employees' benefits obligation which is recognized at the present value of future obligations using the Projected Unit Credit Method, employee share options program and financial assets classified as fair value through other comprehensive income.

2.3 Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has sufficient resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt over the Group's ability to continue as a going concern. Therefore, the consolidated financial statements are continued to be prepared on the going concern basis.

2.4 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals ("SAR") which is the Company's functional and the Group's presentation currency. All amounts have been rounded to the nearest Saudi Riyals unless otherwise indicated.

The results and financial position of a subsidiary whose functional currency is different from the presentation currency are translated into presentation currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income presented are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences shall be recognised in other comprehensive income.

2.5 Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRSs as endorsed in KSA requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

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

2. BASIS OF PREPARATION (Continued)

2.5 Use of estimates and judgements (Continued)

a. Useful lives and residual values of property, plant and equipment

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets are the useful lives and residual values of property, plant and equipment. Management determines the estimated useful lives and residual value of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual values and useful lives annually and future depreciation charges are adjusted where management believes the useful lives and residual values differ from previous estimates.

b. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flows (DCF) model. The cash flows are derived from the budget and marketing terms forecast for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

c. Employees' benefits

The cost of the defined benefit plans are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, withdrawal before normal retirement age, future salary increases etc. 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. Any changes in these assumptions will impact the carrying amount of the obligation. All assumptions are reviewed at each reporting date. The relevant assumptions and sensitivity of the assumptions are detailed in the relevant note in these consolidated financial statements.

d. Useful lives of intangibles assets

Management reviews the amortization period and the amortization method at each reporting date. If the expected useful life of the asset is different from previous estimates, the Group changes the amortization period accordingly. If there has been a change in the expected pattern of consumption of the future economic benefits embodied in the asset, the Group changes the amortization method to reflect the changed pattern.

e. Zakat and income tax

The Company and its Saudi based subsidiaries are subject to the legislation of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat and income tax computation involves relevant knowledge and judgment of the zakat and income tax rules and regulations to assess the impact of zakat and income tax liability at a particular period end. This liability is considered an estimate until the final assessment is carried out by relevant authorities until which the Group retains exposure to additional zakat and income tax liability. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the amounts used for taxation purpose. The group reassess the deferred tax at each reporting period and deferred tax will be adjusted based on the outcome of the completed assessments.

2. BASIS OF PREPARATION (Continued)

2.5 Use of estimates and judgements (Continued)

f. Leases - IFRS 16

The Group leases land, building and vehicles. The leases have an option to renew the lease contracts on its expiry. Where practicable, the Group includes the extension options in new leases to provide operational flexibility. The Group determines the lease term as 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.

The Group has several lease contracts that include extension and termination clauses. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. After the commencement date, the Group reassesses whether it is reasonably certain to exercise the options if there is a significant change in the circumstances within its control. The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of the lease.

g. Expected credit losses (ECL) on trade receivables

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions, and assessment of future economic conditions. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust historical credit loss experience with forward-looking information. At each reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed. The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgements. 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 circumstance and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic condition may also not be representative of customer's actual default in the future.

h. Allowance for slow moving and obsolete inventory

The Group determines its allowance for inventory obsolescence based upon historical experience, current condition, and current and future expectations with respect to its use. The estimate of the Group's allowance for inventory obsolescence could change from period to period, which could be due to assessment of the future usage of inventory.

2. BASIS OF PREPARATION (Continued)

2.5 Use of estimates and judgements (Continued)

i. Fair value measurement – financial instruments

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

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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 a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the relevant notes.

j. Provision and contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The Group offers warranties for its products. Management estimates the related provision for future warranty claims based on historical warranty claims information, as well as recent trends that might suggest that past cost information may differ from future claims.

2. BASIS OF PREPARATION (Continued)

2.5 Use of estimates and judgements (Continued)

k. Share based payment

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the assumptions and models used for estimating fair value for share-based payment transactions are disclosed in the relevant notes to the consolidated financial statements.

3. MATERIAL ACCOUNTING POLICIES INFORMATION

The Group has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements.

The amendments require the disclosure of "material", rather than "significant", accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the consolidated financial statements.

Management reviewed the accounting policies and made updates to the information wherever required in line with the amendments. The accounting policies stated below have been consistently applied to all periods presented in these consolidated financial statements, unless otherwise stated.

(a) Current versus non-current classification

The Group presents assets and liabilities in these consolidated financial statements based on current / non-current classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months from the consolidated statement of financial position date; 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

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 the settlement of the liability for at least twelve 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.

All other liabilities are classified as non-current

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(b) Basis of consolidation

Subsidiaries

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(b) Basis of consolidation (Continued)

Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) Property, plant and equipment

Property, plant, and equipment except capital work in progress is carried at historical cost less accumulated depreciation and impairment if any. Capital work in progress is carried at historical cost less impairment (if any) and are transferred to property, plant, and equipment when ready for use as intended by management. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the assets.

Assets in the course of construction or development are capitalised in the capital work-in-progress account. The asset under construction or development is transferred to the appropriate category in property, plant and equipment, once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of capital work-in-progress comprises its purchase price, construction / development costs and any other directly attributable costs to the construction or acquisition of an item of capital work-in-progress.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

No depreciation is charged on capital work in progress until transferred to property, plant and equipment. Land is not depreciated. Depreciation is charged to the consolidated statement of profit or loss and other comprehensive income, using the straight-line method, to allocate the costs of the related assets less their residual values over the following estimated useful lives:

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(c) Property, plant and equipment (Continued)

Class of assets	Useful life (in years)
Buildings and leasehold improvements	5 – 33
Plant and machinery	3 – 30
Furniture, fixtures and office equipment	3 – 10
Vehicles	4

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the consolidated statement of profit or loss and other comprehensive income as and when incurred. Major renewals and improvements, if any, are capitalised and the assets so replaced are retired.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment (PPE) is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

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

Major spare parts and stand-by equipment qualify for recognition as property, plant and equipment when the Group expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

(d) Leases

At the inception of the contract the Group assesses whether a contract is or contains a lease. The Group recognises a Right of use assets "RoU" and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease liabilities

The lease liability is initially measured at the net present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the RoU asset in a similar economic environment with similar terms, security and conditions.

Lease liabilities include the net present value of the following lease payments:

- fixed lease payments, less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(d) Leases (Continued)

Lease liabilities (Continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is presented as a separate line in the consolidated statement of financial position.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related RoU asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right-of-use assets (RoU)

The RoU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 “Provisions, contingent liabilities and contingent assets”. The costs are included in the related RoU asset, unless those costs are incurred to produce inventories.

RoU assets are depreciated over the shorter period of the lease term or the economic useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the RoU asset reflects that the Group expects to exercise a purchase option, the related RoU asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The RoU assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 “Impairment of Assets” to determine whether a RoU asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of lease liability and the RoU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the consolidated statement of profit or loss and other comprehensive income.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in a business combination are recognized at their fair value. Intangible assets under development are stated at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is 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 is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recognized in the consolidated statement of profit or loss and other comprehensive income in the expense category consistent with the function of the intangible asset. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

A summary of the policies applied to the Group's intangible assets is as follows:

	Computer software licences
Useful lives	3 - 5 years
Amortisation method used	Amortised on a straight-line over the useful life

(f) Financial instruments

Recognition and initial measurement

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

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified after their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(f) Financial instruments (Continued)

Classification and subsequent measurement (Continued)

Financial assets (Continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortised cost or FVOCI, if any, as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model and assessment

The Group assesses the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining an interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets, if any, that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension feature; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(f) Financial instruments (Continued)

Classification and subsequent measurement (Continued)

Financial assets (Continued)

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest (Continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in consolidated statement of profit or loss and other comprehensive income.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in the consolidated profit or loss and other comprehensive income.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the consolidated statement of profit or loss and OCI. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the consolidated statement of profit or loss and OCI. Any gain or loss on derecognition is also recognised in the consolidated statement of profit or loss and OCI.

3. MATEIRAL ACCOUNTING POLICIES INFORMATION (Continued)

(f) Financial instruments (Continued)

Derecognition

Financial assets

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

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated statement of profit or loss and OCI.

Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(g) Impairment

Non-derivative financial assets

Financial instruments

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(g) Impairment (Continued)

Non-derivative financial assets (Continued)

Financial instruments (Continued)

For trade receivables and contract assets (if any), the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group 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 Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For all customers, the Group has a policy of writing off the gross carrying amount when the financial asset is no longer recoverable based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities, if available as per agreement with customers, to comply with the Group's procedures for recovery of amounts due.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, the whole production facility is treated as a single reportable segment. Management has determined that whole plant and machinery represent as a single CGUs, no individual assets can be able to generate an independent cash-flows. All the assets in the facilities are interlinked. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in consolidated statement of profit or loss and OCI. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

3. MATERIAL ACCOUNTING POLICIES INFORAMTION (Continued)

(h) Inventories

Raw materials and spares, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of First in first out. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Allowance for inventory obsolescence is made considering various factors including age of the inventory items, historic usage and expected utilization in future.

(i) Cash and cash equivalents

For the purpose of consolidated statement of financial position, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Share capital

Ordinary shares are classified as equity. Incremental costs, if any, directly attributable to the issue of new shares are shown in equity as a deduction, from the proceeds.

(k) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost. Treasury shares are presented as a deduction from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised as share premium or discount which is presented in equity.

(l) Employees' benefits

Employees' benefits required by Saudi Labour and Workman Law are accrued by the Group and charged to the consolidated statement of profit and loss and other comprehensive income. The liability is calculated as a defined benefit obligation at the current value of the vested benefits to which the employee is entitled, should the employee leave at the reporting date. Benefit payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Kingdom of Saudi Arabia.

The liability or asset recognised in the consolidated statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit cost method.

3. MATERIAL ACCOUNTING POLICIES INFORAMTION (Continued)

(l) Employees' benefits (Continued)

The present value of the defined benefit obligation is determined by discounting the estimated future outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefit will be paid and that have terms approximating the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employees' benefit expense in the consolidated statement of profit and loss and other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated statement of profit and loss and other comprehensive income as past service costs.

(m) Share based compensation

The Group has announced an Employee Share Incentive Plan effective 1 April 2020, whereby qualifying employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in note 19.

The cost mentioned above is recognised in employee benefits expense, together with a corresponding increase in equity (share based compensation reserve), over the period in which the service conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the consolidated statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. There are no market performance conditions or non-market performance conditions attached to the award. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because service conditions have not been met. Where awards include a non-vesting condition, the transactions are treated as vested irrespective of whether the non-vesting condition is satisfied, provided that service conditions are satisfied. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

3. MATERIAL ACCOUNTING POLICIES INFORAMTION (Continued)

(n) Borrowings

Borrowings are initially recognised at the fair value (being proceeds received), net of eligible transaction costs incurred, if any. Subsequent to initial recognition, long-term borrowings are measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

(o) Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

(p) Accrued expenses and other current liabilities

Accrued expenses and other current liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

(q) Provisions

Provisions are recognized when; the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. If the effect of the time value of money are material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Warranty provisions - The Group offers warranties for its products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. Warranty provisions and reversals are charged to “Selling and distribution expenses”. Adjustments are made to the warranty provision considering the changes in recent trends, technological improvements and legal and constructive obligation of the Group.

3. MATERIAL ACCOUNTING POLICIES INFORAMTION (Continued)

(r) Revenue from contract with customers

Sale of goods

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. The Group recognizes revenue when control of the goods has transferred, being when the products are delivered to the customer, the customer has full discretion over the use or sale of such goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location as per the terms of the contract, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Sales-related warranties associated with goods cannot be purchased separately, and serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' consistent with its previous accounting treatment.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Performance of services

The Group provides installation and maintenance services under fixed-price and variable price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual cost spent relative to the total expected cost to complete.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(r) Revenue from contract with customers (Continued)

Performance of services (Continued)

If the contract includes an hourly fee, revenue is recognised in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable as per the credit terms. Some contracts include multiple deliverables, such as the sale of equipment and related installation services. However, the installation is simple, does not include an integration service and could be performed by another party. It is therefore accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. If contracts include the installation of equipment, revenue for the equipment is recognised at a point in time when the equipment is delivered, the legal title has passed and the customer has accepted the equipment and the revenue from services is recognised over the period of time. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the consolidated statement of profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(s) Expenses

All expenses, other than cost of sales and financial charges are classified as general and administrative expenses and selling and distribution expenses. Allocation between cost of revenue, administrative expenses and selling and distribution are made based on the factors determined by the management and applied consistently.

(t) Cost of sales

Cost of sales includes raw materials consumed, labour cost, consumables, depreciation, direct and indirect overheads related to sales and provision of good and services.

(u) Foreign currencies

Transactions and balances

Transactions in foreign currencies are translated into the respective functional currency of Group at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

Group companies

The results and financial position of the foreign subsidiary having reporting currencies other than Saudi Riyals are translated into Saudi Riyals as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing exchange rate at the date of that consolidated statement of financial position;
- income and expenses for each statement of profit or loss are translated at average exchange rates

Cumulative adjustments resulting from the translations of the financial statements of the foreign subsidiary into Saudi Riyals are recognized in consolidated statement of other comprehensive income. When investment in the foreign subsidiary is disposed off or sold, currency translation differences that were recorded in other comprehensive income are recognized in consolidated statement of profit or loss as part of gain or loss on disposal or sale.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(v) Contingencies

Contingent liabilities are not recognized in the consolidated statement of financial position. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable are recorded in the consolidated statement of financial position under accrued expenses and other current liabilities. A contingent asset is not recognized in the consolidated statement of financial position but disclosed when an inflow of economic benefits is probable.

(w) Zakat and income tax

Zakat is provided for in accordance with Zakat, Tax and Customs Authority ("ZATCA") regulations applicable in the Kingdom of Saudi Arabia. Income tax for foreign subsidiaries is provided for in accordance with the relevant income tax regulations of the countries of incorporation.

Zakat, for the Company and its local subsidiaries are filed at group level, is calculated based on approximate zakat base and adjusted net profit and is charged to profit or loss. Additional amounts, if any, are accounted for when determined to be required for payment.

Income tax based on the applicable income tax rate is adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial position. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(x) Business combinations

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

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(x) Business combinations (Continued)

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

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

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

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

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

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

The Group has an option to apply a ‘concentration test’ that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable assets or group of similar identifiable assets.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(y) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. The Company's Board of Directors are considered to be the chief operating decision maker. Segment results that are reported to the Group's Chief Operating Decision Maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. As the operations of the Group are conducted in different countries, accordingly, for management purposes, the Group is organized into business units based on its products and services.

(z) Earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year.

(aa) Dividend distribution

Dividends are recorded in the consolidated financial statements in the period in which they are approved by shareholders of the Group. Interim dividends are recorded once approved from Board of Directors.

(ab) Operating profit

Operating profit is the result generated from continuing principal revenue producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance cost, share of profit of equity accounted investees and zakat & income taxes.

(ac) Finance income and finance costs

The Group finance income and finance costs includes the following:

- interest expenses and income
- dividend income

The interest income or expenses is recognized using effective interest method. Dividend income is recognized in consolidated statement of profit or loss on the date on which Group's right to receive the payment is established.

4. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

New and revised standards with no material effect on the consolidated financial statements

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2023;

- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimate (Amendments to IAS 8);
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction and Amendments to IAS 12 Income Taxes;
- International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12.

However, these amendments did not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

New and revised standards issued but not yet effective

The amendments to existing standards that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these amendments to existing standards, if applicable, when they become effective:

- Non-current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1, effective for annual periods beginning on or after 1 January 2024;
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16, effective for annual periods beginning on or after 1 January 2024;
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7, effective for annual periods beginning on or after 1 January 2024;
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, effective for annual periods beginning on or after 1 January 2024;
- Lack of Exchangeability – Amendments to IAS 21, effective for annual periods beginning on or after 1 January 2025;
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28, effective date deferred indefinitely

The above-mentioned standards are not expected to have a significant impact on the Group's consolidated financial statements.

(All amounts in Saudi Riyal unless otherwise stated)

5. SEGMENT REPORTING

(a) Information about reportable segments

The Board of Directors monitors the operating results of business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segments profits and is measured consistently in the consolidated financial statements.

The Group operates principally in the following two operating segments, and these are identified as operating segments based on the products and services offered:

- Manufacturing, assembly and supply of various types of electrical equipment; and
- Provision of technical services.

No operating segments have been aggregated to form the above reportable operating segments. There is no inter-segment revenue.

Information regarding the results of each reportable segment as of and for the year ended 31 December 2023 and 2022 are summarized as follows:

	Manufacturing, assembly & supply	Services	Total
For the year ended 31 December 2023			
Revenue from external customers	**1,470,381,807**	**88,969,147**	**1,559,350,954**
Cost of sales	**(1,102,727,173)**	**(37,032,675)**	**(1,139,759,848)**
Selling and distribution expenses	**(48,746,342)**	**(3,512,168)**	**(52,258,510)**
General and administrative expenses	**(67,779,023)**	**(3,029,948)**	**(70,808,971)**
Depreciation of property, plant and equipment	**(18,756,033)**	**(1,984,402)**	**(20,740,435)**
Other income	**21,556**	**-**	**21,556**
Other expense	**(3,739,521)**	**-**	**(3,739,521)**
Segment results	**228,655,271**	**43,409,954**	**272,065,225**
As at 31 December 2023			
Segment assets	**1,635,850,236**	**87,418,234**	**1,723,268,470**
Segment liabilities	**163,683,791**	**1,197,743**	**164,881,534**

(All amounts in Saudi Riyal unless otherwise stated)

5. SEGMENT REPORTING (Continued)

(a) Information about reportable segments (Continued)

	Manufacturing, assembly & supply	Services	Total
For the year ended 31 December 2022			
Revenue from external customers	990,525,551	75,563,282	1,066,088,833
Cost of sales	(772,904,907)	(36,096,533)	(809,001,440)
Selling and distribution expenses	(42,045,094)	(3,645,803)	(45,690,897)
General and administrative expenses	(49,823,651)	(2,721,120)	(52,544,771)
Depreciation of property, plant and equipment	(21,105,090)	(868,979)	(21,974,069)
Other income	1,090,056	-	1,090,056
Other expense	(3,186,292)	-	(3,186,292)
Segment results	102,550,573	32,230,847	134,781,420
As at 31 December 2022			
Segment assets	1,345,265,690	91,689,858	1,436,955,548
Segment liabilities	148,609,059	1,823,462	150,432,521

Finance cost, zakat and income tax expense and impairment loss on trade receivables are not allocated to individual segments as the underlying instruments are managed on a group basis.

Certain financial and non-financial assets such as financial asset at fair value through other comprehensive income, right of use assets, intangible assets, prepayment and other current assets and cash and cash equivalents are not allocated to those segments as they are managed on a group basis.

Certain financial and non-financial liabilities such as lease liabilities, employee benefit obligations, loans and borrowings, accrued expenses and other current liabilities and zakat and income tax are not allocated to those segments as they are also managed on a group basis.

(b) Reconciliation of information on reportable segments to the amount reported in the consolidated financial statements

Reconciliation of profit before zakat and income tax

	2023	2022
Segments results	**272,065,225**	134,781,420
Finance cost	**(34,934,391)**	(19,577,624)
Impairment loss on trade receivables	**(7,543,148)**	(3,171,978)
Profit before zakat and income tax	**229,587,686**	112,031,818

Reconciliation of total assets

	31 December 2023	31 December 2022
Segments assets	**1,723,268,470**	1,436,955,548
Unallocated assets	**172,654,911**	236,813,756
Total assets	**1,895,923,381**	1,673,769,304

(All amounts in Saudi Riyal unless otherwise stated)

5. SEGMENT REPORTING (Continued)

(b) Reconciliation of information on reportable segments to the amount reported in the consolidated financial statements (Continued)

Reconciliation of total liabilities

	31 December 2023	31 December 2022
Segments liabilities	**164,881,534**	150,432,521
Unallocated liabilities	**986,243,450**	892,575,908
Total liabilities	**1,151,124,984**	1,043,008,429

(c) Geographic information

The geographic information analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

	2023	2022
Revenue		
Kingdom of Saudi Arabia	**1,314,127,163**	981,325,159
Gulf countries (other than Kingdom of Saudi Arabia)	**165,375,742**	36,456,617
Europe	**77,069,851**	23,759,742
Asia	**2,778,198**	24,547,315
	1,559,350,954	1,066,088,833

Non-current assets

	31 December 2023	31 December 2022
Kingdom of Saudi Arabia	**264,561,560**	264,748,159
Europe	**21,098,055**	23,756,721
	285,659,615	288,504,880

Non-current assets for this purpose consist of property, plant and equipment, right of use assets, and intangible assets.

(d) Major customers

Revenue of approximately SR 332.37 million for the year ended 31 December 2023 were derived from two external customers (2022: SR 303.08 million were derived from two external customers).

(All amounts in Saudi Riyal unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings & leasehold improvements	Plant & machinery	Furniture, fixture & office equipment	Vehicles	Capital work in progress	Total
Cost							
As at 1 January 2022	41,741,269	242,722,044	272,306,922	43,848,355	5,088,880	13,814,224	619,521,694
Additions	-	5,000	986,384	529,510	-	7,227,800	8,748,694
Transfers	-	1,221,620	3,339,050	1,479,135	-	(6,039,805)	-
Disposals	-	-	(348,406)	(4,850)	(578,900)	-	(932,156)
Transfers to intangible assets	-	-	-	-	-	(2,911,977)	(2,911,977)
Reclassifications	-	1,120,165	(1,682,962)	(1,123,501)	21,820	1,664,478	-
Effect of movements in exchange rates	-	-	(597,941)	8,045	-	-	(589,896)
As at 31 December 2022	41,741,269	245,068,829	274,003,047	44,736,694	4,531,800	13,754,720	623,836,359
Additions	**-**	**110,000**	**446,547**	**328,212**	**-**	**21,041,853**	**21,926,612**
Transfers	**-**	**2,906,364**	**10,916,076**	**571,242**	**227,600**	**(14,621,282)**	**-**
Disposals	**-**	**(57,170)**	**(15,104,852)**	**(856,001)**	**(137,000)**	**-**	**(16,155,023)**
Transfers to intangible assets	**-**	**-**	**-**	**-**	**-**	**(1,895,712)**	**(1,895,712)**
Effect of movements in exchange rates	**-**	**-**	**345,298**	**23,375**	**-**	**-**	**368,673**
As at 31 December 2023	**41,741,269**	**248,028,023**	**270,606,116**	**44,803,522**	**4,622,400**	**18,279,579**	**628,080,909**
Accumulated depreciation							
As at 1 January 2022	-	115,153,390	189,226,102	39,889,319	4,688,122	-	348,956,933
Charge for the year	-	7,778,479	13,110,378	983,593	101,619	-	21,974,069
On disposals	-	-	(348,407)	(4,849)	(578,900)	-	(932,156)
Reclassifications	-	(854,452)	350,785	510,848	(7,181)	-	-
Effect of movements in exchange rates	-	-	(52,164)	(1,003)	-	-	(53,167)
As at 31 December 2022	-	**122,077,417**	**202,286,694**	**41,377,908**	**4,203,660**	**-**	**369,945,679**
Charge for the year	**-**	**7,375,366**	**12,107,992**	**1,155,983**	**101,094**	**-**	**20,740,435**
On disposals	**-**	**(55,168)**	**(14,746,713)**	**(809,277)**	**(136,999)**	**-**	**(15,748,157)**
Effect of movements in exchange rates	**-**	**-**	**146,371**	**6,642**	**-**	**-**	**153,013**
As at 31 December 2023	**-**	**129,397,615**	**199,794,344**	**41,731,256**	**4,167,755**	**-**	**375,090,970**
Carrying amount							
As at 31 December 2023	**41,741,269**	**118,630,408**	**70,811,772**	**3,072,266**	**454,645**	**18,279,579**	**252,989,939**
As at 31 December 2022	41,741,269	122,991,412	71,716,353	3,358,786	328,140	13,754,720	253,890,680

(All amounts in Saudi Riyal unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

6.1 Depreciation charge for the year ended 31 December have been allocated as follows:

	Notes	2023	2022
Cost of sales	27	**18,295,961**	19,465,385
Selling and distribution expenses	28	**909,267**	893,725
General and administrative expenses	29	**1,535,207**	1,614,959
		20,740,435	21,974,069

6.2 The buildings and leasehold improvements of the Group are constructed on land parcels leased under renewable lease agreements with the Saudi Industrial Property Authority ("Modon") ranging from 20 to 25 Hijri years expiring on 08 Jumada al awwal 1472 H (corresponding to 31 January 2050).

6.3 Land parcels with a cost of SR 6.6 million as at 31 December 2023 (31 December 2022: SR 6.6 million) are held under the name of an ex-executive on behalf of the Group. As of the year end, the Company is in the process of completing the legal formalities in relation to the transfer of land.

6.4 Capital work in progress as at 31 December 2023 principally represents the expansion of the production facilities and certain machineries under installation which are expected to be completed in 2024.

6.5 Disposal includes write off of the property, plant and equipment having net book value amounting to SR 210,582.

7. RIGHT OF USE ASSETS

The Group has leases in respect of various parcels of land, building and vehicles. Rental contracts are typically made for fixed periods of 4 to 26 years and considered an extension option where the Group's management is reasonably certain to exercise. The lease agreements do not impose any covenants. Leased assets are not used as security for borrowing purposes.

	Land & buildings	Vehicles	Total
Book value			
As at 1 January 2022	30,411,408	5,589,664	36,001,072
Effect of movements in exchange rates	(1,288,636)	-	(1,288,636)
As at 31 December 2022	29,122,772	5,589,664	34,712,436
Additions	**661,040**	**643,132**	**1,304,172**
Effect of movements in exchange rates	**736,658**	**-**	**736,658**
As at 31 December 2023	**30,520,470**	**6,232,796**	**36,753,266**
Accumulated depreciation			
As at 1 January 2022	3,453,033	2,561,979	6,015,012
Charge for the year	2,800,458	1,397,482	4,197,940
Effect of movements in exchange rates	(61,956)	-	(61,956)
As at 31 December 2022	**6,191,535**	**3,959,461**	**10,150,996**
Charge for the year	**2,832,708**	**1,683,605**	**4,516,313**
Effect of movements in exchange rates	**171,300**	**-**	**171,300**
At 31 December 2023	**9,195,543**	**5,643,066**	**14,838,609**
Carrying amount			
As at 31 December 2023	**21,324,927**	**589,730**	**21,914,657**
As at 31 December 2022	22,931,237	1,630,203	24,561,440

(All amounts in Saudi Riyal unless otherwise stated)

7. RIGHT OF USE ASSETS (Continued)

7.1 Depreciation charge for the year ended 31 December have been allocated as follows:

	Notes	2023	2022
Cost of sales	27	**1,554,936**	1,379,475
Selling and distribution expenses	28	**398,452**	377,843
General and administrative expenses	29	**2,562,925**	2,440,622
		4,516,313	4,197,940

Lease liabilities

	Notes	2023	2022
Balance as at beginning of the year		**25,910,108**	31,192,181
Additions during the year		**960,705**	-
Interest charge for the year	32	**651,925**	655,769
Effect of movements in exchange rates		**639,456**	(1,298,947)
Payments during the year		**(4,270,150)**	(4,638,895)
Balance as at end of the year		**23,892,044**	25,910,108
Non-current portion		**20,892,293**	22,619,993
Current portion		**2,999,751**	3,290,115
Balance as at end of the year		**23,892,044**	25,910,108

Amount recognised in consolidated statement of profit or loss and other comprehensive income:

	2023	2022
Depreciation of right of use assets	**4,516,313**	4,197,940
Interest on lease liabilities	**651,925**	655,769

Amount recognised in consolidated statement of cash flow for leased assets:

	2023	2022
Principal portion of lease liabilities	**3,618,225**	3,983,126
Interest payment	**651,925**	655,769
Short term leases	**1,546,979**	1,200,000
	5,817,129	5,838,895

For short-term leases (a lease term of 12 months or less), the Group has opted to recognise a lease expense on a straight-line basis as permitted by International Financial Reporting Standard 'IFRS'16 Leases. Short-term lease expense for the year 2023 amounting to SR 1.5 million (2022: SR 1.2 million) was recorded in the consolidated statement of profit and loss and other comprehensive income.

(All amounts in Saudi Riyal unless otherwise stated)

8. INTANGIBLES ASSETS

	Computer software	License, designs & prototypes	Intangible assets under development	Total
Cost				
As at 01 January 2022	14,375,424	21,388,552	1,109,620	36,873,596
Additions	-	-	1,802,214	1,802,214
Transfers	2,825,542	-	(2,825,542)	-
Transfer from property, plant & equipment (note 6)	2,911,977	-	-	2,911,977
Reclassification	-	(2,641,431)	2,641,431	-
As at 31 December 2022	**20,112,943**	**18,747,121**	**2,727,723**	**41,587,787**
Additions	**426,075**	**-**	**750,360**	**1,176,435**
Transfers	**170,572**	**2,641,431**	**(2,812,003)**	**-**
Transfer from property, plant & equipment (note 6)	**1,895,712**	**-**	**-**	**1,895,712**
Effect of movements in exchange rates	**2,010**	**-**	**-**	**2,010**
As at 31 December 2023	**22,607,312**	**21,388,552**	**666,080**	**44,661,944**
Accumulated amortization				
As at 01 January 2022	12,621,812	17,329,303	-	29,951,115
Charge for the year	489,283	1,094,629	-	1,583,912
As at 31 December 2022	**13,111,095**	**18,423,932**	**-**	**31,535,027**
Charge for the year	**1,669,380**	**702,216**	**-**	**2,371,596**
Effect of movements in exchange rates	**302**	**-**	**-**	**302**
As at 31 December 2023	**14,780,777**	**19,126,148**	**-**	**33,906,925**
Carrying amount				
As at 31 December 2023	**7,826,535**	**2,262,404**	**666,080**	**10,755,019**
As at 31 December 2022	7,001,848	323,189	2,727,723	10,052,760

8.1 Amortization charge for the year ended 31 December have been allocated as follows:

	Note	2023	2022
Cost of sales	27	**980,967**	1,217,424
Selling and distribution expenses	28	**37,501**	310,323
General and administrative expenses	29	**1,353,128**	56,165
		2,371,596	1,583,912

8.2 Intangible assets under development as of 31 December 2023 represents costs incurred for the development of computer software in progress, which are expected to be completed in 2024.

(All amounts in Saudi Riyal unless otherwise stated)

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPRENSIVE INCOME

Equity instruments designated at fair value through other comprehensive income ("FVOCI") include investments in equity shares of listed and non-listed companies. The Group holds non-controlling interests in these companies. These investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature. As at reporting date, the Group hold investments in equity securities as follows:

	Notes	31 December 2023	31 December 2022
Non- listed equity investment			
GCC Electrical Testing Laboratory Company ("GLC")	9.1	**21,550,000**	15,300,000
Listed equity investment			
ACWA Power Company		**338,212**	200,032
Closing balance		**21,888,212**	15,500,032

9.1 The investment in GLC, a closed joint stock company registered in the Kingdom of Saudi Arabia, represents 2.5% equity interest with an objective to test and certify electrical products. GLC has not commenced commercial operations as of the date of the issuance of these consolidated financial statements. During the year the Group has increased its investment in GLC by SAR 6,250,000.

9.2 Movement in financial assets fair value reserve is as follows:

	2023	2022
At beginning of the year	**126,336**	36,848
Fair value gain on equity investments at FVOCI recognised in other comprehensive income	**138,180**	89,488
At the end of the year	**264,516**	126,336

9.3 No strategic investments were disposed of during the year 2023 and 2022, and there were no transfers of any cumulative gain or loss within equity to these investments.

9.4 During the year Group has received dividends from ACWA Power Company amounting to SR 1,093 (2022: SR:1,013).

10. INVENTORIES

	31 December 2023	31 December 2022
Raw materials	**376,979,408**	304,307,888
Work-in-progress	**245,673,045**	204,153,945
Spare parts and supplies, not held for sale	**8,796,906**	6,249,750
Finished goods	**206,767,194**	75,458,862
Goods-in-transit	**89,831,843**	144,478,119
	928,048,396	734,648,564
Less: allowance for inventory obsolescence	**(16,159,260)**	(15,782,851)
	911,889,136	718,865,713

(All amounts in Saudi Riyal unless otherwise stated)

10. INVENTORIES (Continued)

Inventories recognized as expense during the year ended 31 December 2023 amounted to SR 939 million (31 December 2022: SR 636 million) and included under cost of sales.

10.1 The movement in provision for inventory obsolescence during the year is as follows

	2023	2022
Balance at beginning of the year	**15,782,851**	11,309,793
Provision during the year	**337,023**	4,473,058
Effect of movements in exchange rates	**39,386**	-
Balance at the end of the year	**16,159,260**	15,782,851

Inventory provision amounting to SR 0.33 million (2022: SR 4.5 million) is recognised within cost of sales.

Inventories have been reduced by SR 1.19 million (2022: SR nil) as a result of write down to net realisable value. This write- down was recognised as an expense within cost of sales.

11. TRADE AND OTHER RECEIVABLES

	Notes	**31 December 2023**	31 December 2022
Trade receivables		**575,439,117**	473,552,296
Less: Impairment loss on trade receivables		**(19,253,616)**	(12,957,225)
		556,185,501	460,595,071
Due from related parties	34.1	**2,203,894**	3,604,084
		558,389,395	464,199,155

The movement in impairment loss on trade receivables during the year is as follows:

	2023	2022
Balance at beginning of the year	**12,957,225**	11,706,226
Provision during the year	**7,543,148**	3,171,978
Write off during the year	**(1,246,757)**	(1,920,979)
Balance at the end of the year	**19,253,616**	12,957,225

Trade receivables are recognised initially at the amount of transaction price, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Due to the short-term nature of the trade receivables, their carrying amount is considered to be the same as their fair value.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 365 days past due.

(All amounts in Saudi Riyal unless otherwise stated)

11. TRADE AND OTHER RECEIVABLES (Continued)

The following table details the risk profile of trade receivables based on the Group's provision matrix.

31 December 2023

	Loss rate	**Gross carrying amount**	**Loss allowance**
0-90 days past due	**0.59% to 0.67%**	**425,261,166**	**2,593,227**
91- 180 days past due	**4.22% to 17.06%**	**83,551,888**	**5,409,239**
181- 365 days past due	**5.80 % to 26.08%**	**43,956,188**	**2,694,199**
More than 365 days past due	**29.09% to 69.80%**	**22,669,875**	**8,556,951**
		575,439,117	**19,253,616**

31 December 2022

	Loss rate	Gross carrying amount	Loss allowance
0-90 days past due	0.23% to 1.48%	376,220,458	4,162,936
91- 180 days past due	3.01% to 9.12%	34,615,705	1,858,451
181- 365 days past due	0.00% to 12.92%	22,263,144	955,033
More than 365 days past due	8.51% to 51.76%	40,452,989	5,980,805
		473,552,296	12,957,225

11.1 The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	31 December 2023	31 December 2022
Saudi Riyals	**294,743,249**	311,656,427
United States Dollars	**249,673,681**	153,891,511
Euros	**15,522,087**	8,000,200
Kuwaiti Dinar	**15,500,100**	-
United Arab Emirates Dirhams	**-**	4,158
	575,439,117	473,552,296

The Group does not hold any collateral as security against trade receivables.

12. PREPAYMENTS AND OTHER CURRENT ASSETS

	Notes	**31 December 2023**	31 December 2022
Advances to suppliers		**33,789,081**	48,108,342
Advances to employees		**13,474,053**	12,813,453
Prepaid expenses		**1,625,709**	1,612,485
Advance income tax	25.3	**32,273**	-
Others		**867,231**	1,869,817
		49,788,347	64,404,097

(All amounts in Saudi Riyal unless otherwise stated)

13. CASH AND CASH EQUIVALENTS

As at 31 December 2023 and 2022 cash and cash equivalents comprise of the following:

	31 December 2023	31 December 2022
Cash in hand	**218,240**	181,453
Bank balances	**68,090,436**	67,688,974
	68,308,676	67,870,427
3-month deposit (cash equivalent)	**-**	54,425,000
	68,308,676	122,295,427

Cash and cash equivalents comprise cash at banks, cash on hand, short term deposits at prevailing market rate, with original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings of the bank, the management of the Group have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

14. SHARE CAPITAL

The authorized, issued and fully paid-up share capital comprises of 1,125,000,000 (2022: 45,000,000) ordinary shares of SR 0.5 (2022: SR 10) each.

14.1 During the year, the Company's Board of Directors recommended in its meeting held on 28 March 2023 to increase share capital by way of granting bonus shares of one share to every four shares. The share capital increase was proposed by way of capitalization of SR 112.5 million from retained earnings. The proposed bonus shares issuance was approved by the Company's shareholders in an Extraordinary General Assembly Meeting held on 21 June 2023. During the year ended 31 December 2023, bonus shares were distributed and share capital was increased accordingly.

14.2 During the year, the Company's Board of Directors recommended in its meeting held on 22 May 2023 to split the nominal value of the shares from SR 10 per share to SR 0.5 per share. The proposed shares split was approved by the Company's shareholders in an Extraordinary General Assembly meeting held on 28 September 2023 and as a result, the number of shares of the Company increased from 56,250,000 to 1,125,000,000 shares. The legal formalities in this regard have been completed.

(All amounts in Saudi Riyal unless otherwise stated)

15. STATUTORY RESERVE

The Company's Board of Directors recommended in its meeting held on 11 November 2023 to transfer the statutory reserve in to retained earnings. The transfer of SAR 62 million is subject to the approval of Shareholders in the upcoming Annual General Assembly meeting.

16. TREASURY SHARES

Treasury shares are shares bought back by the Company in advance for the purpose of issuing shares under the employee share incentive program. During the year ended 31 December 2023, the number of treasury shares have been increased on account of bonus issue and shares split refer note (14.1 and 14.2). As at 31 December 2023, the Company holds 12,500,000 (2022: 500,000) treasury shares.

17. FOREIGN CURRENCY TRANLSATION RESERVE

The foreign currency translation reserve comprises of all the foreign currency differences arising from the translation of the financial statements of a foreign subsidiary. Cumulative adjustments resulting from the translations of the financial statements of the foreign subsidiary into Saudi Riyals are recognized in consolidated statement of other comprehensive income. When investment in the foreign subsidiary is disposed off or sold, currency translation differences that were recorded in other comprehensive income will be recognized in consolidated statement of profit or loss as part of gain or loss on disposal or sale.

18. FAIR VALUE RESERVE

The fair value reserve comprise of the cumulative net changes in the fair value of the equity securities designated at FVOCI.

19. EMPLOYEE SHARE INCENTIVE PROGRAM ("ESIP")

The Group has announced an Equity-Settled Employee Share Incentive Plan effective 1 April 2020, whereby qualifying employees of the Group are eligible to purchase the Company's shares (the "initial shares") either through upfront payment or payroll deductions over a period of three years. The value of such shares will be determined using the average share price of the preceding month and should not exceed the employee's three basic salaries. Any employee who withdraws from the ESIP before completion of three years, will receive back the amount contributed for the initial shares. The share awarded under employee share incentive program are subject to bonus shares issue and share split.

Bonus type 1 shares:

The employees who have subscribed for the initial shares, are eligible for additional bonus shares which will be allocated to employees without any additional consideration, subject to completion of service condition of three years, based on employee categories as detailed below.

Employee designation	**Number of shares for each year of service with the Group at the time of subscription with the ESIP**
Employees	50 shares
Managers	75 shares
Executives	100 shares

(All amounts in Saudi Riyal unless otherwise stated)

19. EMPLOYEE SHARE INCENTIVE PROGRAM ("ESIP") (Continued)

Bonus type 2 shares:

The employees who continue in the scheme are eligible for additional bonus shares without any additional consideration, subject to completion of service condition as mentioned below, if they continue to hold the initial and bonus type 1 shares:

Numbers of years of service (from date of joining ESIP)	Additional shares for every 1,000 initial shares held
5 Years	200 Shares
10 Years	450 Shares
15 Years	750 Shares
20 Years	1,100 Shares
25 Years	1,500 Shares
28 Years	2,000 Shares

During the year, the Group has recognized share-based compensation expense amounting to SR 3,139,881 (2022: SR 124,046) in the consolidated statement of profit or loss with corresponding credit in share-based compensation reserve in the consolidated statement of changes in equity. Both Bonus type 1 and Bonus type 2 shares are classified as equity settled shares-based payment.

The fair value for each option is estimated at the grant date using the Stochastic Simulation Pricing model, taking into account the terms and conditions upon which the share options were granted. Following are the key assumptions used:

	31 December 2023	31 December 2022
Share Price - this is the average share price of the preceding month at the date of joining ESIP	**14.44 - 14.74**	14.44 - 14.74
Risk-free interest rate	**1.26%**	1.26%
Standard deviation of historical returns of Share Price	**12%**	12%
Retirement age	**60 years**	60 years

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

20. LONG TERM BORROWINGS

	31 December 2023	31 December 2022
Saudi Industrial Development Fund ("SIDF")	**-**	16,650,000
Less: unamortized transaction cost	**-**	(44,704)
	-	16,605,296

Long-term borrowings are presented in consolidated statement of financial position as follows:

	31 December 2023	31 December 2022
Current portion	**-**	16,605,296
Non- current portion	**-**	-
	-	16,605,296

(All amounts in Saudi Riyal unless otherwise stated)

20. LONG TERM BORROWINGS (Continued)

20.1 Movement in unamortized transaction cost is as follows:

	Notes	2023	2022
Balance at beginning of the year		**44,704**	162,520
Less: amortization for the year	32	**(44,704)**	(117,816)
Balance at the end of the year		**-**	44,704

21. EMPLOYEES' BENEFITS

The Group operates a defined benefit plan in line with the Labor Law requirement in the Kingdom of Saudi Arabia. The end-of-service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labor Law of the Kingdom of Saudi Arabia. Employees' end-of-service benefit plans are unfunded plans and the benefit payment obligation are met when they fall due upon termination of employment. The latest valuation of employee benefit obligations under the projected unit credit method was carried out by an independent actuary as of 31 December 2023.

	2023	2022
Balance as at 1 January	**90,870,112**	80,528,461
Current service cost	**7,501,071**	6,051,358
Interest expense	**4,263,390**	1,708,407
Payments	**(2,423,797)**	(3,178,785)
Remeasurement	**3,970,483**	5,760,671
Balance as at 31 December	**104,181,259**	90,870,112

21.1 Amount recognised in the consolidated statement of profit or loss and other comprehensive income

	2023	2022
Current service cost	**7,501,071**	6,051,358
Interest cost on defined benefit obligation	**4,263,390**	1,708,407
Amount recognised in consolidated statement of profit or loss	**11,764,461**	7,759,765

	2023	2022
Re-measurement		
Loss due to change in experience adjustments	**3,044,655**	4,546,995
Loss due to change in financial assumptions	**656,443**	631,744
Loss due to change in demographic assumptions	**269,385**	581,932
Amount recognised in consolidated statement of other comprehensive income	**3,970,483**	5,760,671

21.2 Key actuarial assumptions

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

	31 December 2023	31 December 2022
Discount rate	**4.60%**	4.70%
Future salary increases	**4.60%**	2.25%

(All amounts in Saudi Riyal unless otherwise stated)

21. EMPLOYEES' BENEFITS (Continued)

21.3 Sensitivity analysis for actuarial assumptions

A quantitative sensitivity analysis for significant assumption on the defined benefit obligations are as follows.

	31 December 2023	31 December 2022
Increase in discount rate of 0.5%	**(3,267,024)**	(2,271,114)
Decrease in discount rate of 0.5%	**3,463,878**	3,711,528
Increase in salary of 0.5%	**3,190,590**	3,823,216
Decrease in salary of 0.5%	**(3,040,243)**	(2,403,323)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied.

21.4 Expected maturity analysis

The weighted average duration of the defined benefit obligation is 6.45 years (2022 – 4.44 years). The expected maturity analysis of undiscounted employees' benefit is as follows:

	31 December 2023	31 December 2022
Year 1	**9,987,233**	8,471,197
Year 2	**15,820,933**	14,727,313
Year 3	**14,210,213**	9,501,046
Year 4	**11,986,604**	12,890,209
Year 5	**11,785,744**	10,715,212
Beyond 5 years	**68,258,604**	58,549,432

22. SHORT-TERM MURABAHA BORROWINGS

These represent short-term murabaha borrowings at 31 December 2023 and 2022 obtained from commercial banks having maturity of three to six months and bear financial charges at prevailing market rates which are based on Saudi inter-bank offer rate. The loans are principally secured by corporate guarantees provided by the Company.

23. TRADE AND OTHER PAYABLES

	Note	**31 December 2023**	31 December 2022
Trade payables		**164,877,557**	150,432,521
Due to a related party	34.2	**3,977**	-
		164,881,534	150,432,521

Due to short term nature of the trade and other payables not measured at fair value, management consider that their carrying amounts approximate their fair value.

(All amounts in Saudi Riyal unless otherwise stated)

24. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	Note	**31 December 2023**	31 December 2022
Advances from customers		**294,985,547**	153,250,903
Accrued expenses		**132,053,643**	160,150,016
Warranty provision	24.1	**5,187,434**	3,251,820
Value added tax payable		**4,958,198**	8,581,388
Others		**2,275,919**	2,057,627
		439,460,741	327,291,754

24.1 The Group provides warranties for general repairs of defects that existed at the time of sale. Provisions related to these assurance-type warranties are recognised when the product is sold, or the service is provided to the customer. Initial recognition is based on historical experience. The estimate of warranty-related costs is reviewed annually.

The movement in warranty provision is as follows

	Note	**2023**	2022
Balance at beginning of the year		**3,251,820**	2,132,531
Provision during the year	28	**3,685,730**	2,231,744
Provision used during the year		**(1,789,339)**	(1,112,455)
Effect of movements in exchange rates		**39,223**	-
Balance at the end of the year		**5,187,434**	3,251,820

25. ZAKAT AND INCOME TAX PAYABLE

The Company and its Saudi based subsidiaries are subject to zakat. The Group files zakat return on a consolidated basis for the Company and its wholly owned Saudi based subsidiaries. The significant components of the zakat base of each company under zakat regulations principally comprised of shareholders' equity, provisions at the beginning of year, long-term borrowings and adjusted net income, less deduction for the net book value of property, plant and equipment, investments, spare parts and supplies and certain other items.

25.1 Zakat and income tax expense

	2023	2022
Zakat expense	**26,706,650**	13,929,785
Income tax expense	**1,847,049**	3,932,023
	28,553,699	17,861,808

Movement in zakat payable is as follows:

	2023	2022
Balance at the beginning of the year	**16,195,573**	13,978,736
Charge for the year	**19,962,471**	13,929,785
Charge related to the prior years	**6,744,179**	-
	26,706,650	13,929,785
Payments during the year	**(16,203,000)**	(11,712,948)
Balance at the end of the year	**26,699,223**	16,195,573

(All amounts in Saudi Riyal unless otherwise stated)

25. ZAKAT AND INCOME TAX PAYABLE (Continued)

25.2 Status of zakat assessments

The Group has obtained zakat certificates from Zakat, Tax and Customs Authority (“ZATCA”) for the years through 2022. ZATCA has finalized the Group’s zakat assessments for the years till 2018.

Zakat assessments for the years 2016 and 2018 have been finalised during the current period and related additional liabilities of SR 2,744,179 have been accounted for accordingly in these consolidated financial statements.

ZATCA have issued in 2021 zakat assessments for the years 2019 and 2020 claiming additional zakat liabilities of SR 4.7 million and SR 2.7 million, respectively. The Group has filed appeals with the General Secretariat of Tax Committees (“GSTC”) against these assessments and decision is pending.

ZATCA cancelled the zakat assessments and notified the Group that new assessments will be issued. The Group has not accepted this action taken by ZATCA and choose to continue with the General Secretariat of Tax Committees ("GSTC"). The GSTC decided to reject the appeal, and the Group filed an appeal to Higher Appeal Committee ("HAC") second level. Subsequent to the year end, higher appeal committee (HAC) has issued its decision where the HAC ruled to dismiss the case on the grounds that the assessments under appeal were cancelled by ZATCA. The Company is in the process to file new appeal against the new assessments raised by ZATCA for 2019 and 2020. The Company’s management has reviewed the new assessments and provided for the necessary provision. The Group believes that their contentions are in accordance with the applicable ZATCA regulations, and no further material liabilities will arise upon finalization of such assessments.

Assessments for the years 2021 and 2022 have not yet been raised by ZATCA.

25.3 Income tax expense

The subsidiary of the Group incorporated in Belgium is subject to the income tax under the respective tax regime.

Movement in (advance income tax) / payable is as follows:

	2023	2022
Balance at the beginning of the year	**685,116**	-
Charge for the year	**1,945,511**	3,932,023
Changes in estimates related to prior years	**(98,462)**	-
	1,847,049	3,932,023
Payment during the year	**(2,575,443)**	(3,246,907)
Effect of movements in exchange rates	**11,005**	-
Balance at the end of the year	**(32,273)**	685,116

(All amounts in Saudi Riyal unless otherwise stated)

25. ZAKAT AND INCOME TAX PAYABLE (Continued)

25.3 Income tax expense (Continued)

Numerical reconciliation of income tax expenses to profit for the year

Current tax expense for the year has been provided at a rate of 25% of the adjusted net taxable income as follows

	31 December 2023		31 December 2022	
Profit before zakat and income tax		**229,587,686**		112,031,818
Tax rate	**25%**	**57,396,922**	25%	28,007,955
Tax effect of profit subject to Zakat	**(24.24) %**	**(55,657,008)**	(20.72) %	(23,213,497)
Tax effect of disallowed expenses	**0.09 %**	**205,597**	(0.77) %	(862,435)
Effect of prior year tax	**(0.04) %**	**(98,462)**	-	-
	0.81%	**1,847,049**	3.51%	3,932,023

26. REVENUE

26.1 Revenue streams

The Group generates revenue primarily from:

- Sale of transformers, compact substations and low voltage distribution panels, electrical distribution boards, cable trays, switch gears and;
- Technical services relating to installation, maintenance and operations relating to these activities.

	2023	2022
Revenue from contracts with customers	**1,559,350,954**	1,066,088,833

26.2 Disaggregation of revenue from contract with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, types of customers and timing of revenue recognition. The table also include a reconciliation of the disaggregated revenue with the Group's reportable segments.

(All amounts in Saudi Riyal unless otherwise stated)

26. REVENUE (Continued)

26.2 Disaggregation of revenue from contract with customers (Continued)

	For the year ended 31 December 2023		
	Manufacturing, assembly & supply	**Services**	**Total**
Primary geographical markets			
Kingdom of Saudi Arabia	**1,244,563,697**	**69,563,466**	**1,314,127,163**
Gulf countries (other than Kingdom of Saudi Arabia)	**165,132,074**	**243,668**	**165,375,742**
Asia	**2,095,402**	**682,796**	**2,778,198**
Europe	**58,590,634**	**18,479,217**	**77,069,851**
	1,470,381,807	**88,969,147**	**1,559,350,954**
Major types of customers			
Government	**306,349,047**	**25,646,763**	**331,995,810**
Non- Government	**1,164,032,760**	**63,322,384**	**1,227,355,144**
	1,470,381,807	**88,969,147**	**1,559,350,954**
Timing of revenue recognition			
Products transferred at a point in time	**1,470,381,807**	**-**	**1,470,381,807**
Services transferred over time	**-**	**88,969,147**	**88,969,147**
	1,470,381,807	**88,969,147**	**1,559,350,954**
External revenue as reported in reportable segments (note 5)	**1,470,381,807**	**88,969,147**	**1,559,350,954**

	For the year ended 31 December 2022		
	Manufacturing, assembly & supply	Services	Total
Primary geographical markets			
Kingdom of Saudi Arabia	913,240,755	68,084,404	981,325,159
Gulf countries (other than Kingdom of Saudi Arabia)	35,503,017	953,600	36,456,617
Asia	24,241,315	306,000	24,547,315
Europe	17,540,464	6,219,278	23,759,742
	990,525,551	75,563,282	1,066,088,833
Major types of Customers			
Government	284,825,432	31,027,377	315,852,809
Non- Government	705,700,119	44,535,905	750,236,024
	990,525,551	75,563,282	1,066,088,833
Timing of revenue recognition			
Products transferred at a point in time	990,525,551	-	990,525,551
Services transferred over time	-	75,563,282	75,563,282
	990,525,551	75,563,282	1,066,088,833
External revenue as reported in reportable segments (note 5)	990,525,551	75,563,282	1,066,088,833

(All amounts in Saudi Riyal unless otherwise stated)

26. REVENUE (Continued)

26.3 Contract balances

The following table provide information about the trade receivables and contract liabilities from contracts with customers.

	Notes	31 December 2023	31 December 2022
Trade receivables- *Gross*	11	**575,439,117**	473,552,296
Advance from customers, which are included in accrued and other current liabilities	24	**294,985,547**	153,250,903

The contract liabilities primarily relate to the payment received from customers before the Group transfers the related goods or renders services.

The movement of advances from customers are as follows:

	2023	2022
As at beginning of the year	**153,250,903**	119,252,303
Received during the year	**749,479,391**	423,385,001
Amount adjusted against revenue	**(608,464,071)**	(389,386,401)
Effect of movements in exchange rates	**719,324**	-
As at end of the year	**294,985,547**	153,250,903

26.4 Performance obligations

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

26.4.1 Manufacturing, assembly and supply

The performance obligation is satisfied when control of the goods has been transferred, being when the products are delivered to the customer, the customer has full discretion over the use or sale of such goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. The Group does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration and satisfied concurrently with delivery of goods.

Payment terms with customers vary depending upon the contractual terms of each contract and generally falls in the range of 30 to 90 days from the completion of performance obligation. There is no significant financing component in any transaction with the customers.

26.4.2 Services

Revenue from providing services is recognised in the accounting period in which the services are rendered, and payment is generally due upon completion of the services. In some contracts, short-term advances are required before the installation service is provided.

The remaining performance obligation as at 31 December 2023 is expected to be recognised within one year.

(All amounts in Saudi Riyal unless otherwise stated)

27. COST OF SALES

	Notes	2023	2022
Raw materials consumed		**925,061,936**	626,073,930
Salaries and benefits		**162,163,842**	137,251,718
Depreciation of property, plant and equipment	6.1	**18,295,961**	19,465,385
Stores and spares consumed		**13,788,057**	10,471,410
Short term lease expense and utilities		**12,285,010**	9,773,130
Repairs and maintenance		**8,217,299**	6,814,125
Provision of employee benefit obligations		**9,052,127**	5,153,626
Depreciation of right of use assets	7.1	**1,554,936**	1,379,475
Amortization of intangible assets	8.1	**980,967**	1,217,424
Allowance for inventory obsolescence	10.1	**337,023**	4,473,058
Others		**6,318,651**	6,393,544
		1,158,055,809	828,466,825

28. SELLING AND DISTRIBUTION EXPENSES

	Notes	2023	2022
Salaries and benefits		**20,990,244**	18,060,154
Freight		**14,651,540**	11,581,188
Warranties	24.1	**3,685,730**	2,231,744
Advertisement		**3,247,515**	1,284,780
Sales commission		**2,392,050**	5,681,110
Office expenses		**2,261,110**	1,502,821
Product development		**1,550,040**	1,587,134
Provision of employee benefit obligations		**1,006,681**	941,436
Depreciation of property, plant and equipment	6.1	**909,267**	893,725
Royalty		**552,346**	959,664
Depreciation of right of use assets	7.1	**398,452**	377,843
Amortization of intangible assets	8.1	**37,501**	310,323
Others		**1,485,301**	1,172,700
		53,167,777	46,584,622

29. GENERAL AND ADMINISTRATIVE EXPENSES

	Notes	2023	2022
Salaries and benefits		**40,956,806**	30,810,040
Office expenses		**6,335,220**	6,280,850
Rent and utilities		**5,448,190**	2,726,091
Professional services	29.1	**3,875,340**	2,622,784
Depreciation of right of use assets	7.1	**2,562,925**	2,440,622
Board of Director’s and sub - committee members fees		**2,250,000**	2,250,000
Provision of employee benefit obligations		**1,705,653**	1,664,703
Depreciation of property, plant and equipment	6.1	**1,535,207**	1,614,959
Amortization of intangible assets	8.1	**1,353,128**	56,165
Repairs and maintenance		**669,449**	480,029
Others		**5,652,260**	3,213,487
		72,344,178	54,159,730

(All amounts in Saudi Riyal unless otherwise stated)

29. GENERAL AND ADMINISTRATIVE EXPENSES (Continued)

29.1 Professional services fees include auditors' remuneration amounting to SAR 695,000 for the year ended 31 December 2023 (31 December 2022: SR 545,000).

30. OTHER INCOME

	2023	2022
Dividend income	**1,093**	1,013
Gain on scrap sales	**-**	795,681
Gain on disposal of property, plant and equipment	**-**	120,000
Others	**20,463**	173,362
	21,556	1,090,056

31. OTHER EXPENSE

	2023	2022
Foreign currency exchange loss	**2,547,910**	3,186,292
Loss on disposal of property and equipment	**401,224**	-
Others	**790,387**	-
	3,739,521	3,186,292

32. FINANCE COST

	Notes	**2023**	2022
Interest on borrowings		**29,465,403**	11,924,488
Bank charges		**4,772,359**	6,879,551
Interest on lease liabilities	7	**651,925**	655,769
Amortization of transaction costs	20.1	**44,704**	117,816
		34,934,391	19,577,624

33. EARNINGS PER SHARE (EPS)

The calculation of basic EPS has been based on the profit attributable to ordinary shareholders and weighted average number of ordinary share outstanding. The calculation of diluted EPS has been based on the profit attributable to ordinary shareholders and weighted average number of ordinary share outstanding after adjustment for the effect of dilutive potential ordinary shares.

(All amounts in Saudi Riyal unless otherwise stated)

33. EARNING PER SHARE (EPS) (Continued)

	2023	2022
Profit attributable to the shareholders of Electrical Industries Company	**201,033,987**	94,170,010
Weighted average number of ordinary shares for basic earnings per share	**1,112,500,000**	1,112,500,000
Weighted average number of ordinary shares deemed to be issued under ESIP	**10,645,306**	7,956,625
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,123,145,306**	1,120,456,625
Basic earnings per share	**0.18**	0.08
Diluted earnings per share	**0.18**	0.08

The weighted average number of outstanding shares have been retrospectively adjusted for prior period to reflect the distribution of 11.25 million bonus shares during the year ended 31 December 2023.

The weighted average number of outstanding shares have been retrospectively adjusted for prior period due to splitting the nominal value of the Company's share from SR 10 per share to SR 0.5 per share, and as a result, the number of shares of the Company increased from 56,250,000 to 1,125,000,000 shares.

Weighted average number of ordinary shares outstanding as at 31 December 2023 are adjusted by weighted average number of treasury shares bought back by the Company for the purpose of issuing shares under the employee share incentive program (see Note 19).

34. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Company's shareholders, associated companies and their shareholders, key management personnel, Board of Directors, and entities controlled, jointly controlled or significantly influenced by such parties ("Other Related Parties"). Terms and conditions of these transactions are approved by the Group's management. During the period, the Group transacted with the following related parties.

Name	**Relationship**
Ajda Industrial Services Company ("AIS") (formerly Ajda Industrial and Technological Services Company ("AITS"))	Shareholder
Saad Abdullah AI-Tuwaijri Sons Holding Company	Shareholder
Evolving Constellation Company for Energy ("EVOSTEL") (formerly Ali Zaid Al Quraishi & Partners Electrical Services of Saudi Arabia ("AQESA"))	Other related party
Al Toukhi Company for Industrial Trading and Contracting	Other related party
Ali Zaid Al Quraishi & Brothers Company	Other related party

The following is the details of significant transactions with the related parties during the year and their related balances as at end of the year.

Name of related party	**Nature of transaction**	**2023**	2022
Evolving Constellation Company for Energy ("EVOSTEL") (formerly Ali Zaid Al Quraishi & Partners Electrical Services of Saudi Arabia ("AQESA"))	Revenue from sale of goods	**1,908,992**	320,639
	Purchase of raw materials	**172,665**	616,124
Al Toukhi Company for Industrial Trading and Contracting	Revenue from sale of goods	**275,000**	-

(All amounts in Saudi Riyal unless otherwise stated)

34. RELATED PARTY TRANSCATION AND BALANCES (Continued)

34.1 Due from related parties

	31 December 2023	31 December 2022
Al Toukhi Company for Industrial Trading and Contracting	**2,203,894**	2,203,894
Evolving Constellation Company for Energy ("EVOSTEL") (formerly Ali Zaid Al Quraishi & Partners Electrical Services of Saudi Arabia ("AQESA"))	**-**	1,400,190
	2,203,894	3,604,084

34.2 Due to a related party

	31 December 2023	31 December 2022
Evolving Constellation Company for Energy ("EVOSTEL") (formerly Ali Zaid Al Quraishi & Partners Electrical Services of Saudi Arabia ("AQESA"))	**3,977**	**-**
	3,977	**-**

All the due to / due from balances are interest free, unsecured and expected to be settled within twelve months and no provision of doubtful debts has been made against these balances.

34.3 Compensation of key management personnel

	2023	2022
Salaries and other short-term employee benefits	**13,029,497**	11,661,858
Post-employment benefit	**675,322**	622,398
Share based payment expense	**121,365**	104,125
Board of Director's and sub - committee members fees	**2,250,000**	2,250,000
	16,076,184	14,638,381

Advances to employees includes advances to a key management personnel amounting to SR 1.2 million as at 31 December 2023 (31 December 2022: SR 1.3 million).

On 20 March 2023, the Board of Directors of Zakat, Tax, and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia (KSA) approved the amendments to the Transfer Pricing Bylaws (TP Bylaws) to bring the following into effect: a) extend applicability of the Transfer Pricing (TP) provisions to Zakat paying entities; and b) introduced Advance Pricing Agreements (APA) provisions for Tax payers and Zakat payers and these amendments were subsequently approved by Ummul Qura on 14 April 2023. The amendments will be applicable for Financial Years (FYs) starting on or after 1 January 2024. Under these new requirements, Zakat paying entities will need to ensure that their transactions with related parties are priced at arm's length and will be required to submit a TP disclosure form and TP Affidavit with their Zakat returns along with other compliances as stipulated in the TP Bylaws. Currently management is assessing the impact of these amendments on transactions with related parties and will make necessary changes in policies, procedures and agreements with its related parties to comply with the requirement of TP By-laws

(All amounts in Saudi Riyal unless otherwise stated)

35. CONTINGENCIES AND CAPITAL COMMITMENTS

	31 December 2023	31 December 2022
Bank guarantees	**572,317,626**	357,945,609
Letter of credits	**248,065,858**	142,145,333
Capital expenditure	**40,774,999**	10,935,731

36. DIVIDEND

The Board of Directors, authorized by the shareholders, has resolved in its meeting held on 29 August 2023 to distribute interim cash dividend for the first half of the year 2023 amounting to SR 84.375 million (at SR 1.5 per share), which has been recognised in these consolidated financial statements for the year ended 31 December 2023.

Subsequent to the year end, the Board of Directors, authorized by the shareholders, has resolved in its meeting held on 11 March 2024 to distribute cash dividends for the second half of the year 2023 amounting to SR 84.375 million (at SR 0.075 per share).

The Company's Board of Directors, at their meeting held on 17 March 2022, have proposed cash dividends of SR 1 per share totalling to SR 45 million, for the year ended 31 December 2021, which was approved in the annual general meeting held on 20 April 2022.

37. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

37.1 Financial risk factors

The Group's activities expose it to a variety of financial risks including the effects of changes in market risk currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the management under policies approved by the board of directors.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors are responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Board of Directors oversee how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

A) Market risk

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

Fair value and cash flow interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group borrows at interest rates on commercial terms. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The fixed rate borrowings carried at amortised cost are not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Hence, the Group's exposure to fair value of fixed interest rate risk is not material.

37. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (Continued)

37.1 Financial risk factors (Continued)

A) Market risk (Continued)

Fair value and cash flow interest rate risk (continued)

The short-term murabaha borrowings interest rates with banks are subject to change upon re-negotiation of the facilities which takes place at frequent intervals. At 31 December 2023, if the interest rate were to shift by 1%, there would be a maximum increase or decrease in the interest expense by SR 3.9 million (2022: SR 4.1 million).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to movements in foreign exchange rates. The Company's transactions are primarily in Saudi Riyals, United States Dollars (USD), United Arab Emirates Dirhams (AED) and Euros (EUR). Since Saudi Riyal is pegged to United States Dollars and United Arab Emirates, management of the Group believes that the currency risk for the financial instruments denominated in USD and AED is not significant. The fluctuation in exchange rates against Euro, GBP, CHF and KWD are monitored on a continuous basis. The Group's exposure to foreign currency risk at the end of the reporting period was as follows:

	USD	AED	EUR	GBP	CHF	KWD
31 December 2023						
Trade receivables	**249,673,681**	**-**	**15,522,087**	**-**	**-**	**15,500,100**
Bank balances	**12,805,243**	**111,190**	**13,070,909**	**10,568**	**-**	**99,774**
Trade payables	**67,929,683**	**480,767**	**19,320,837**	**389,097**	**161,059**	**-**

	USD	AED	EUR	GBP	CHF	KWD
31 December 2022						
Trade receivables	153,891,511	4,158	8,000,200	-	-	-
Bank balances	27,807,136	216,230	4,135,927	10,007	-	-
Trade payables	21,971,380	524,669	9,229,769	223,278	-	-

Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the Consolidated Statement of Financial Position as at fair value through other comprehensive income (FVOCI). The Group hold certain strategic investments and does not foresee any significant risks arising out of its portfolio of holding. Certain investments are held in listed equity securities whereas others are non-listed equity investments.

Based on the assumption that the equity price of respective quoted investment at reporting date had increased / (decreased) by 5% (2022:5%), with all other variables held constant, would results in change in value of investment in such equity securities by SR **16,911** (2022: SR 10,002) with consequent impact on Other Comprehensive Income.

B) Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets The Group's gross maximum exposure to credit risk at the reporting date are as follows:

Financial assets	**31 December 2023**	31 December 2022
Trade and other receivables	**577,643,011**	477,156,380
Cash and cash equivalents	**68,308,676**	122,295,427
Other current assets	**867,231**	1,869,817
	646,818,918	601,321,624

(All amounts in Saudi Riyal unless otherwise stated)

37. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (Continued)

37.1 Financial risk factors (Continued)

B) Credit risk (Continued)

Trade receivables

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by the group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. Credit risk relating to trade receivables and expected credit loss assessment are covered below;

Expected credit losses

The Group is exposed to credit risk in the event of non-payment by customers. The Group limits its credit risk to customers by establishing credit limits for each customer and monitoring existing receivables. The Group does not require collateral in respect of trade receivables. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. Trade receivables are written off when there is no reasonable expectations of recovery. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in the consolidated statement of profit or loss. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. At 31 December 2023, 20% of trade receivables were due from two customers (2022: 26% of trade receivables were due from two customer). Management believes that this concentration of credit risk is mitigated as the customer have established track record of regular and timely payments.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. default risk associated with the sector and industry in which customers operate).

The following table provides information about the exposure to credit risk for trade receivables for all customers;

	31 December 2023	31 December 2022
0-90 days past due	**425,261,166**	376,220,458
91- 180 days past due	**83,551,888**	34,615,705
181- 365 days past due	**43,956,188**	22,263,144
More than 365 days past due	**22,669,875**	40,452,989
	575,439,117	473,552,296

(All amounts in Saudi Riyal unless otherwise stated)

37. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (Continued)

37.1 Financial risk factors (Continued)

B) Credit risk (Continued)

Expected credit losses (Continued)

The Group categorises its trade receivables as due from corporate and Government customers. Major classification of trade receivables as at 31 December was as follows:

	2023		2022	
	Amount	**%**	**Amount**	%
Corporates	**522,730,378**	**91%**	348,246,060	74%
Government	**52,708,739**	**9%**	125,306,236	26%
	575,439,117	**100%**	473,552,296	100%

Cash and cash equivalents

The cash and cash equivalents are held with bank and financial institution counterparties. Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have no credit risk based on the external credit ratings of the counterparties.

Due from related parties

The Group held due from related parties. The Group uses a similar approach for assessment of ECLs for these receivables. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to management accounts and applying experienced credit judgement), these exposures are considered to have low credit risk. Therefore, impairment on these balances has been measured on the 12-month expected credit loss basis; and the amount of the allowance is negligible.

C) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters. In addition, the Group has access to credit facilities.

Cash flow forecasting is performed by the management which monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(All amounts in Saudi Riyal unless otherwise stated)

37. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (Continued)

37.1 Financial risk factors (Continued)

C) Liquidity risk (Continued)

31 December 2023	**Carrying amount**	**Contractual cashflows** Less than one year	2 to 5 Years	Over 5 Years	Total
Lease liabilities	**23,892,044**	**3,552,721**	**16,914,378**	**7,082,445**	**27,549,544**
Short-term murabaha borrowings	**392,010,183**	**392,010,183**	**-**	**-**	**392,010,183**
Trade and other payables	**164,881,534**	**164,881,534**	**-**	**-**	**164,881,534**
Accrued expenses and other liabilities	**439,460,741**	**429,315,109**	**-**	**-**	**429,315,109**
	1,020,244,502	**989,759,547**	**16,914,378**	**7,082,445**	**1,013,756,370**

31 December 2022	Carrying amount	Contractual cashflows Less than one year	2 to 5 Years	Over 5 Years	Total
Lease liabilities	25,910,108	4,358,370	9,167,525	16,781,911	30,307,806
Short-term murabaha borrowings	415,017,949	415,017,949	-	-	415,017,949
Long term borrowings	16,605,296	16,650,000	-	-	16,650,000
Trade and other payables	150,432,521	150,432,521	-	-	150,432,521
Accrued expenses and other liabilities	327,291,754	315,458,546	-	-	315,458,546
	935,257,628	901,917,386	9,167,525	16,781,911	927,866,822

37.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the consolidated statement of financial position, less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratios at 31 December were as follows:

	31 December 2023	31 December 2022
Total borrowings	**392,010,183**	431,623,245
Lease liabilities	**23,892,044**	25,910,108
Less: cash and cash equivalents	**(68,308,676)**	(122,295,427)
Net debt	**347,593,551**	335,237,926
Total equity	**744,798,397**	630,760,875
Total capital	**1,092,391,948**	965,998,801
Gearing ratio	**32%**	35%

(All amounts in Saudi Riyal unless otherwise stated)

37. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (Continued)

37.3 Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities			Equity		
2023	**Lease liabilities**	**Short term borrowing**	**Long term borrowing**	**Share based compensation reserve**	**Retained earnings**	**Total**
Balance as at beginning of the year	**25,910,108**	**415,017,949**	**16,605,296**	**1,432,378**	**129,010,081**	**587,975,812**
Changes from financing cash flow						
Proceeds from the borrowing	**-**	**965,351,830**	**-**	**-**	**-**	**965,351,830**
Repayment of borrowing	**-**	**(989,286,616)**	**(16,650,000)**	**-**	**-**	**(1,005,936,616)**
Payment of lease liabilities	**(3,618,225)**	**-**	**-**	**-**	**-**	**(3,618,225)**
Payments against share-based payment reserve	**-**	**-**	**-**	**(3,070,450)**	**-**	**(3,070,450)**
Dividend paid	**-**	**-**	**-**	**-**	**(84,375,000)**	**(84,375,000)**
Total changes from financing cash flow	**(3,618,225)**	**(23,934,786)**	**(16,650,000)**	**(3,070,450)**	**(84,375,000)**	**(131,648,461)**
The effect of changes from foreign exchange rate	**639,456**	**-**	**-**	**-**	**-**	**639,456**
Other changes						
Interest expense	**651,925**	**34,237,762**	**44,704**	**-**	**-**	**34,934,391**
Interest paid	**(651,925)**	**(33,310,742)**	**-**	**-**	**-**	**(33,962,667)**
New leases	**960,705**	**-**	**-**	**-**	**-**	**960,705**
Total Liability related changes	**960,705**	**927,020**	**44,704**	**-**	**-**	**1,932,429**
Total Equity related changes	**-**	**-**	**-**	**3,139,881**	**84,563,504**	**87,703,385**
Balance as at end of the year	**23,892,044**	**392,010,183**	**-**	**1,501,809**	**129,198,585**	**546,602,621**

(All amounts in Saudi Riyal unless otherwise stated)

37. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (Continued)

37.3 Reconciliation of movement of liabilities to cash flows arising from financing activities (Continued)

	Liabilities			Equity		
2022	Lease liabilities	Short term borrowing	Long term borrowing	Share based compensation reserve	Retained earnings	Total
Balance as at beginning of the year	31,192,181	196,527,538	31,237,480	1,308,332	95,017,743	355,283,274
Changes from financing cash flow						
Proceeds from the borrowing	-	892,246,037	-	-	-	892,246,037
Repayment of borrowing	-	(673,755,626)	(14,750,000)	-	-	(688,505,626)
Payment of lease liabilities	(3,983,126)	-	-	-	-	(3,983,126)
Dividend paid	-	-	-	-	(45,000,000)	(45,000,000)
Total changes from financing cash flow	(3,983,126)	218,490,411	(14,750,000)	-	(45,000,000)	154,757,285
The effect of changes from foreign exchange rate	(1,298,947)	-	-	-	-	(1,298,947)
Other changes						
Interest expense	655,769	18,804,039	117,816	-	-	19,577,624
Interest paid	(655,769)	(18,804,039)	-	-	-	(19,459,808)
Total Liability related changes	-	-	117,816	-	-	117,816
Total Equity related changes	-	-	-	124,046	78,992,338	79,116,384
Balance as at end of the year	25,910,108	415,017,949	16,605,296	1,432,378	129,010,081	587,975,812

37. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (Continued)

37.4 Fair value estimation

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

The Group has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including level three fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses evidence obtained from third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's management.

Fair values hierarchy

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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 assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no such transfers during the year ended 31 December 2023 and 2022.

As at 31 December 2023 and 2022, the fair values of the Group’s financial instruments, except for Financial assets at fair value through other comprehensive income, are estimated to approximate their carrying values since the financial instruments are short term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realized at their current carrying values within twelve months from the date of consolidated statement of financial position. The fair values of the non-current financial liabilities are estimated to approximate their carrying values as these carry interest rates which are based on prevailing market interest rates.

(All amounts in Saudi Riyal unless otherwise stated)

37. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (Continued)

37.4 Fair value estimation (Continued)

The table below presents the financial assets at their fair values as at 31 December 2023 and 2022 based on the fair value hierarchy:

Financial Assets at FVOCI	**Level 1**	**Level 2**	**Level 3**	**Total**
31 December 2023				
Non- Listed equity investments	**-**	**-**	**21,550,000**	**21,550,000**
Listed equity investments	**338,212**	**-**	**-**	**338,212**
Total as at 31 December 2023	**338,212**	**-**	**21,550,000**	**21,888,212**
31 December 2022				
Non- Listed equity investments	-	-	15,300,000	15,300,000
Listed equity investments	200,032	-		200,032
Total as at 31 December 2022	200,032	-	15,300,000	15,500,032

The fair value of quoted securities classified at fair value through other comprehensive income fall under level 1 in fair value hierarchy as mentioned above. These securities are listed in Stock Exchange. There is an active market for the Group's listed equity investment. The fair value is determined from quotation obtained from stock exchange as of reporting date.

The fair value of unquoted securities classified at fair value through other comprehensive income fall under level 3 in fair value hierarchy. Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value, including but not limited to selection of the appropriate valuation model, determination of expected future cash flows selection of discount rates.

Management has used discounted cash flow approach while valuing underlying investee (included in these consolidated financial statements) which holds unquoted equity portfolio. The discounted cash flow approach includes significant unobservable inputs such as Weighted average cost 10.70% and long-term growth rate 2%.

(All amounts in Saudi Riyal unless otherwise stated)

37. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (Continued)

37.5 Categories of financial instrument

The Group classifies its financial instruments into the following measurement categories:

	31 December 2023	31 December 2022
Financial assets measured at amortised cost		
Trade and other receivables	**577,643,011**	477,156,380
Cash and cash equivalents	**68,308,676**	122,295,427
Other current assets	**867,231**	1,869,817
	646,818,918	601,321,624
Financial asset at fair value through other comprehensive income		
Equity securities	**21,888,212**	15,500,032
Financial liabilities measured at amortised cost		
Current portion of long-term borrowings	**-**	16,605,296
Lease liabilities	**23,892,044**	25,910,108
Trade and other payables	**164,881,534**	150,432,521
Accrued expenses and other liabilities	**429,315,109**	315,458,546
Short-term murabaha borrowings	**392,010,183**	415,017,949
	1,010,098,870	923,424,420

38. SUBSEQUENT EVENT

Except for subsequent event mentioned elsewhere in these consolidated financial statements, there are no other significant subsequent event occurred between 31 December 2023 and the date of approval of these consolidated financial statements, which may have material impact on these consolidated financial statements.

39. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to comply with the current period presentation of the consolidated financial statements.

40. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENT

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 11 March 2024 (correspondingto 1 Ramadan 1445H).