SAUDI ARABIAN REFINERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

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Deloitte.

Deloitte and Touche & Co.
Chartered Accountants
(Professional Simplified Joint Stock Company)
Paid-up capital SR 5,000,000
Metro Boulevard – Al-Aqiq
King Abdullah Financial District
P.O. Box 213 - Riyadh 11411
Saudi Arabia
C.R. No. 1010600030

Tel: +966 11 5089001
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the shareholders of
Saudi Arabian Refineries Company
(A Saudi Joint Stock Company)
Jeddah, Kingdom of Saudi Arabia

Opinion

We have audited the financial statements of Saudi Arabian Refineries Company (the "Company") which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended 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").

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 Financial Statements" section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the "Code") as endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matters
<u>Valuation of investments in quoted equity securities</u> Investments in quoted equity securities are carried in the statement of financial position at SR 282 million and represented 78% of the Company's total assets at the reporting date. These investments are measured at fair value with fair value gains or losses being recognized in profit or loss. The Company recognized fair value losses of SR 45 million during the year. The fair value of the quoted equity securities is determined based on quoted prices which are published by the Saudi Exchange (Tadawul). We considered the valuation of investments in quoted equity securities to be a key audit matter as this amount is a key driver of the Company's financial position and performance and is quantitatively significant to the financial statements. Refer to note 7 of the financial statements for more details relating to this matter.	We performed the following procedures, inter alia, to address the key audit matter: • We obtained an understanding of the process adopted by management to determine the fair value of the investments at the reporting date as well as the relevant controls within this process. • We assessed the abovementioned controls to determine if they had been appropriately designed and implemented. • We confirmed the details of all investments recorded in the accounting records with the custodian of the investments. • We recalculated the fair value of all investments held at the reporting date by obtaining the quoted prices of the investments and multiplying by the number of shares held as confirmed by the custodian. • We assessed the disclosures relating to this matter in the financial statements against the requirements of IFRS Accounting Standards.

Other Matters

The consolidated financial statements of the Company for the year ended 31 December 2023, were audited by another auditor, who expressed an unmodified opinion on those statements on 17 March 2024.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the 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 financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)
Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year 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 of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte and Touche & Co.
Chartered Accountants

Tariq Mohammed Alfatni
Certified Public Accountant
License No. 446
10 Shawwal 1446H
8 April 2025

SAUDI ARABIAN REFINERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	**2024**	2023
ASSETS			
Non-current assets			
Investments at FVTOCI	5	**-**	343,908,353
Investments in associates	6	**51,614,296**	49,610,116
Right-of-use assets		**532,003**	-
Property and equipment – net		**26,144**	37,830
Intangible assets – net		**26,677**	38,829
Total non-current assets		**52,199,120**	393,595,128
Current assets			
Investments at FVTPL	7	**281,922,793**	-
Prepaid expenses and other receivables	8	**1,385,438**	7,736,516
Cash and cash equivalents	9	**24,861,169**	39,882,410
Total current assets		**308,169,400**	47,618,926
TOTAL ASSETS		**360,368,520**	441,214,054
EQUITY AND LIABILITIES			
Equity			
Share capital	1	**150,000,000**	150,000,000
Statutory reserve	10	**31,693,154**	31,693,154
Reserve for investments at FVOCI		**-**	217,162,331
Retained earnings		**161,776,167**	35,155,847
Total equity		**343,469,321**	434,011,332
Non-current liabilities			
Employees' defined benefit liabilities	12	**134,884**	122,492
Lease liabilities		**321,480**	-
Total non-current liabilities		**456,364**	122,492
Current liabilities			
Accrued expenses and other liabilities	14	**6,214,483**	3,921,983
Dividends payable		**2,231,880**	2,279,917
Lease liabilities		**196,792**	-
Zakat provision	15	**7,799,680**	878,330
Total current liabilities		**16,442,835**	7,080,230
Total liabilities		**16,899,199**	7,202,722
TOTAL EQUITY AND LIABILITIES		**360,368,520**	441,214,054

Finance Manager	Chief Executive Officer	Chairman of the Board
Yacub Zuhier Alnazer	Dr. Abdulrahman Ahmed AlMufarreh	Dr. Obaid Saad AlSubaie

SAUDI ARABIAN REFINERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	**2024**	2023
Dividends income		**9,629,810**	15,362,270
Share of results of investment in associates	6	**1,968,105**	236,855
Losses arising on financial assets mandatorily measured at FVTPL	7	**(44,945,573)**	-
		(33,347,658)	15,599,125
General and administrative expenses	16	**(12,549,367)**	(6,544,470)
(Loss) / Profit from activities		**(45,897,025)**	9,054,655
Finance cost on lease		**(18,873)**	-
Depreciation of right-of-use assets		**(99,070)**	
Other income		**326,951**	324,449
Net (loss) / profit of the year before zakat		**(45,688,017)**	9,379,104
Zakat	15	**(7,799,680)**	(1,677,461)
Net (loss) / profit for the year		**(53,487,697)**	7,701,643
Other comprehensive (loss) / income			
Items that will not be reclassified subsequently to profit or loss:			
Changes in the fair value of investments at FVTOCI	5	**(37,061,902)**	2,503,325
Actuarial (losses) from re-measurement of employees' defined benefit liabilities.	12	**(28,487)**	(35,256)
The company's share of actuarial gains from re-measurement of employees' defined benefit liabilities of an associate.	6	**36,075**	20,767
Total items that will not be reclassified subsequently to profit or loss:		**(37,054,314)**	2,488,836
Total other comprehensive (loss) / income for the year		**(37,054,314)**	2,488,836
Total comprehensive (loss) / income for the year		**(90,542,011)**	10,190,479
Basic and diluted (loss) / earnings per share for the year	17	**(3.57)**	0.51

Finance Manager
Yacub Zuhier Alnazer

Chief Executive Officer
Dr. Abdulrahman Ahmed AlMufarreh

Chairman of the Board
Dr. Obaid Saad AlSubaie

The accompanying notes from 1 to 21 form an integral part of these financial statements

SAUDI ARABIAN REFINERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in Saudi Riyals unless otherwise stated)

	Share Capital SR	Statutory reserve SR	Retained Earnings SR	Reserve for valuation of investments at FVOCI	Total SR
Balance at 1 January 2023	**150,000,000**	**30,922,990**	**43,238,857**	**214,659,006**	**438,820,853**
Net profit for the year	-	-	7,701,643	-	7,701,643
Other comprehensive income for the year	-	-	(14,489)	2,503,325	2,488,836
Total comprehensive income for the year	-	-	7,687,154	2,503,325	10,190,479
Transferred to statutory reserve	-	770,164	(770,164)		-
Dividends (Note 11)	-	-	(15,000,000)		(15,000,000)
Balance as at 31 December 2023	**150,000,000**	**31,693,154**	**35,155,847**	**217,162,331**	**434,011,332**
Balance as at 1 January 2024	150,000,000	31,693,154	35,155,847	217,162,331	434,011,332
Net loss for the year	-	-	**(53,487,697)**	-	**(53,487,697)**
Other comprehensive loss for the year	-	-	**7,588**	**(37,061,902)**	**(37,054,314)**
Total comprehensive loss for the year	**-**	**-**	**(53,480,109)**	**(37,061,902)**	**(90,542,011)**
Transfer of fair value reserve on disposal of equity instruments designated at FVTOCI (note 5)			**180,100,429**	**(180,100,429)**	-
Balance as at 31 December 2024	**150,000,000**	**31,693,154**	**161,776,167**	-	**343,469,321**

Finance Manager	Chief Executive Officer	Chairman of the Board
Yacub Zuhair Alnazer	Dr. Abdulrahman Ahmed AlMufarreh	Dr. Obaid Saad AlSubaie

The accompanying notes from 1 to 21 form an integral part of these financial statements

SAUDI ARABIAN REFINERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CASH FLOWS STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit for the year before Zakat		**(45,688,017)**	9,379,104
Adjustments for:			
Depreciation of property and equipment		**21,213**	25,600
Amortisation of intangible assets		**21,398**	18,202
Depreciation of right-of-use assets		**99,070**	-
Finance cost on lease		**18,873**	-
Employees' benefit liabilities	**12**	**75,424**	36,724
Interest expense of employees' defined benefit liabilities	**12**	**3,670**	3,003
Share of results of an associate	**6**	**(1,968,105)**	(236,855)
Losses arising on financial assets mandatorily measured at FVTPL	**7**	**44,945,573**	-
Change in operating assets and liabilities:			
Dividends Payable		**(48,037)**	(558,238)
Accruals and other current liabilities		**2,292,500**	1,832,201
Prepaid expense and other receivable		**6,351,078**	(7,369,132)
Cash flows generated from operations		**6,124,640**	3,130,609
Employees' benefits paid	12	**(95,189)**	-
Zakat paid	15	**(878,330)**	(2,237,018)
Net cash generated from operating activities		**5,151,121**	893,591
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions of property and equipment and intangible assets		**(18,773)**	(16,655)
Purchase of investments at FVTPL	**7**	**(382,966,093)**	-
Proceeds from sale of investments at FVTPL	**7**	**56,097,727**	-
Proceeds from sale of investments at FVTOCI	**5**	**306,846,451**	-
Net cash used in investing activities		**(20,040,688)**	(16,655)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	11	**-**	(15,000,000)
Repayment of principal portion of lease liabilities		**(131,674)**	-
Net cash used in financing activities		**(131,674)**	(15,000,000)
Decrease in cash and cash equivalents		**(15,021,241)**	(14,123,064)
Cash and cash equivalents at the beginning of the year		**39,882,410**	54,005,474
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2024		**24,861,169**	39,882,410

Finance Manager	Chief Executive Officer	Chairman of the Board
Yacub Zuhair Alnazer	Dr. Abdulrahman Ahmed AlMufarreh	Dr. Obaid Saad AlSubaie

1. CORPORATE INFORMATION

Saudi Arabian Refineries Company (the "Company") is a Saudi joint stock Company registered under the commercial registration issued in Jeddah with the number 4030003334 dated 14 September 1960 (corresponding to 19 Dhul – Hijjah 1379 H). As at 31 December 2024, the Company's share capital amounted to SR 150 million (31 December 2023: SR 150 million) divided into 15 million shares (31 December 2023: 15 million shares) with a nominal value of SR 10 per share.

The Company's activities as per the commercial registration are extracting crude oil, establishing refining and petrochemical plant and refineries, dealing in securities as principal, buying and selling land and real estate, dividing them and selling activities off-plan, managing and leasing owned or leased properties (non-residential). However, the present activity of the Company is investing in local companies, and therefore its activity is limited to the investments sector, and it has no other business sectors.

The Company has established Al-Sadu Investments Company (a limited liability Company owned 100%) with a capital of SR. 5 million and CR. No. 4030475999 dated 19 June 2022 (corresponding to Dhu al-Qa'dah 20, 1443 H) registered in Jeddah. The Company has not started its activities yet, and its capital has not been paid to date. On 31 July 2024, the board of directors voted to dissolve the Al-Sadu Investments company. During the year ended in 31 December, 2024, the management cancelled the commercial registration and deregistered from Zakat, Tax and Customs Authority for Al-Sadu Investments company.

2. MATERIAL ACCOUNTING POLICY INFORMATION

BASIS OF PREPARATION

Statement of compliance
The accompanying 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 that are issued by Saudi Organization for Certified Professional Accountants ("SOCPA").

Basis of measurement
These financial statements have been prepared under the historical cost basis using the accrual basis of accounting and going concern concept except for the employee defined benefit liability which has been measured based on actuarial present value calculations, investments in equity instruments at fair value which are measured at fair value, and investments in an associate using the equity method.

These financial statements of the Company have been presented in Saudi Arabian Riyal (SR), which is the functional currency.

Going Concern
The Company's management conducted an assessment of the Company's ability to continue to operate in accordance with the principle of going concern and reached a conviction that the Company has sufficient resources to enable it to continue operating in the foreseeable future. Also, management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Accordingly, these financial statements have been prepared on the going concern basis.

Cash and Cash equivalents
Cash and cash equivalents consist of cash on hand, cash at banks and other short-term high-liquidity investments with original maturities of three months or less (if any) available to the Company without any restrictions.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property and equipment (continued)

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as an asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis.

The Company applies the following estimated useful lives:

	Years
Furniture, fixtures and office equipment	5
Computers	5 – 8
Tools and equipment	5
Leasehold improvements	5

Leasehold improvements are depreciated over the shorter of their useful lives or the lease term.

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

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the statement of profit or loss, as and when incurred. Major renewals and improvements, if any, are recognised in the carrying amount of the property and equipment.

Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, joint assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of tangible assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

Intangible assets

The acquired intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite useful lives are amortised over their useful life and are tested for impairment whenever there is an indication that the asset may be impaired. The amortisation period and method for intangible assets with finite useful lives are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Amortisation expense for intangible assets with finite useful lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible asset. The intangible assets of the Company are amortised over a period of 5 years.

Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate is recognised initially in the statement of financial position at cost and adjusted thereafter to recognise the Company’s share of the profit or loss and other comprehensive income of the associate. When the Company’s share of losses of an associate or a joint venture exceeds the Company’s interest in that associate (which includes any long-term interests that, in substance, form part of the Company’s net investment in the associate or joint venture), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Company’s share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company’s share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in statement of profit or loss and other comprehensive income in the period in which the investment is acquired.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investment in associates (continued)

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a Company entity transacts with an associate of the Company, profits and losses resulting from the transactions with the associate are recognised in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

Financial instruments

Financial assets and financial liabilities are recognised in the company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

I. *Financial assets*

All recognised financial assets are initially recognised at fair value (unless trade receivables without a significant financing component that is initially measured at the transaction price) plus, for an item not at FVTPL, transaction cost that are directly attributable to its acquisition and subsequently measured in their entirety at either amortised cost or fair value, depending on the classification.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

Debt instruments that meet the following conditions are subsequently measured at Fair Value through Other Comprehensive Income ("FVTOCI"):

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

I. *Financial assets (continued)*

<u>*Classification of financial assets*</u> *(continued)*

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at Fair Value through Profit or Loss ("FVTPL").

Despite the above, the Company may make the following irrevocable election / designation at the initial recognition of a financial asset:

- The Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

<u>*Equity instruments designated as at FVTOCI*</u>

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. In the perior year, the Company designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition.

A financial asset is held for trading if either:

- it has been acquired principally for the purpose of selling it in the near term
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI measured at FVTPL. Specifically:

- investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

I. *Financial assets (continued)*

Classification of financial assets *(continued)*

- debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called ‘accounting mismatch’) that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Impairment of financial assets
The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company recognises a loss allowance for expected credit losses on bank balances, trade receivables and other financial assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime Expected Credit Loss (“ECL”) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and general economic environment.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments
- Past-due status; and
- Nature, size and industry of debtors

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating.
- significant deterioration in external market indicators of credit risk for a particular financial instrument.
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.
- an actual or expected significant deterioration in the operating results of the debtor.
- significant increases in credit risk on other financial instruments of the same debtor.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Significant increase in credit risk (continued)

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due for private sector customers and 360 days past due for public sector customers, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' in accordance with the globally understood definition.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company)

The Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the statement of profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Derecognition of financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit or loss.

II. *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

All financial liabilities of the Company have been classified and measured at amortised cost using the actual return method. The Company has no financial liabilities at FVIPL

Financial liabilities subsequently measured at amortised cost
The Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Employee benefits

Employee defined benefit liabilities

The employee defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurements recognised in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- re-measurements
  the Company presents the first two components of defined benefit costs (i.e. service cost and interest expense) in the statement of profit or loss in relevant line items.

A liability is recognised for benefits accruing to employees in respect of wages, salaries, annual leaves and other benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Retirement benefits

Retirement benefits made to defined contribution plans are expensed when incurred.

Provisions

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

The amount recognised 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 the effect of the time value of money is material).

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

Zakat

The Company is subject to the Regulations of the Zakat, Tax and Customs Authority (“ZATCA”) in the Kingdom of Saudi Arabia. Zakat is provided on an accrual basis. The zakat charge is computed on the zakat base. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company 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 assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed 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;
- The amount 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.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured 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 remeasured by discounting the revised lease payments using an unchanged 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 lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)
The Company as lessee (continued)

The Company did not make any such adjustments during the years presented. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company 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. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

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

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property and Equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use 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 profit or loss.

For a contracts that contain a lease component and one or more additional lease or non- lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non- lease components.

Dividend income
Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

Expenses
Expenses are measured and recognised as a period cost at the time when they are incurred. Expenses related to more than one financial period are allocated over such periods proportionately.

Earnings per share
Basic earnings per share and diluted earnings per share (if any) are presented for ordinary shares. Where basic earnings per share is calculated by dividing the profit or loss of the ordinary shareholders of the Company by the weighted average number ordinary shares outstanding during, adjusted for the number of the ordinary shares repurchased or issued during the year Diluted earnings per share is calculated by adjusting the profit or loss of the ordinary shareholders of the Company and the weighted average number of shares outstanding during the year for the effects of all the diluted ordinary shares that are likely to be issued during the year.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign currency translation
Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of profit or loss.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Company's accounting policies, which are described in note 2, the management is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Use of estimates and assumptions

Fair Value for financial instruments

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

New and amended IFRS applied with no material effect on the financial statements
The following standards, amendments, or interpretations effective for annual periods beginning on or after January 1, 2024 did not have a significant impact on the Company's financial statements:

- Amendment to IFRS 16 – Leases on sale and leaseback (effective from 1 January 2024).
- Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements (effective from 1 January 2024).
- Amendment to IAS 1 – Non-current liabilities with covenants (effective from 1 January 2024).

New and revised standards issued but not yet effective
The Company has chosen not to early adopt the following new standards and amendments to IFRS which have been issued but not yet effective for the Company's accounting year beginning on or after January 1, 2025.

- Amendment to IFRS 21 – Lack of exchangeability
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures
- IFRS 18, Presentation and Disclosure in Financial Statements
  IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; Investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences

The management expect that other than IFRS 18 that the adoption of the above-listed standards will not have a material impact on the Company's financial statements in future periods.

(All amounts in Saudi Riyals unless otherwise stated)

5. INVESTMENTS AT FVTOCI

Investments at FVTOCI represent investments in traded equity instruments as follows:

	Market value per share		Number of shares		Balance as at	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Company Name						
Saudi Industrial Investment Group	-	22.20	-	15,194,480	-	337,317,456
Saudi Arabian Oil Company (Saudi Aramco)	-	33	-	42,931	-	1,416,723
Southern Region Cement Company	-	42.55	-	120,666	-	5,134,339
Aqua Power Co.	-	257	-	155	-	39,835
					-	343,908,353

During the year the Company sold all its shares held at FVTOCI amounting in SR 306,846,451 and entered into a new investment in portfolio (note 7).

The movement in the valuation reserve on investments at FVTOCI is as follows:

	2024	2023
Balance at the beginning of the year	**217,162,331**	214,659,006
Unrealised (losses) / gains during the year	**(37,061,902)**	2,503,325
Transfer of fair value reserve on disposal of equity instruments designated at FVTOCI during the year	**(180,100,429)**	-
	-	217,162,331

6. INVESTMENTS IN ASSOCIATES

Details of the investments an associates are as follows:

Name of the company	**Main business sector**	**Country of incorporation**	**Shareholding %**	**2024**	**2023**
A) Arab Company for Tanks Ltd.	Services	Kingdom of Saudi Arabia	27%		
Balance at beginning of the year				**49,610,116**	49,352,494
Share of results for the year				**1,968,105**	236,855
Share of other comprehensive income for the year				**36,075**	20,767
Balance at the end of the year				**51,614,296**	49,610,116

(All amounts in Saudi Riyals unless otherwise stated)

6. INVESTMENTS IN ASSOCIATES (continued)

B) Arab Company for Sulfonate Ltd.	Industrial	Kingdom of Saudi Arabia	34%	**2024**	2023
Balance at beginning of the year				**-**	363,006
Provision for impairment				-	(363,006)
Balance at the end of the year				**-**	-

During 2016 the Company filed a lawsuit against the management of the Arab Sulfonate Company Ltd. to claim compensation as accumulated losses exceeded half of the share capital as a result of mismanagement of the Arab Sulfonate Company Ltd. management.

In 2018 the Administrative Court in Jeddah resolved to liquidate the Arab Sulfonate Company Ltd. upon the request of a shareholder. Although a liquidator was appointed by the court, no financial statements were issued from 2018 to date. The Company has recorded full provision against its investment in the associate.

7. INVESTMENTS AT FVTPL

The movement of the Investments at FVTPL in equity instruments for the year is as follows:

	Investment in portfolio *	**Investment in Fund ****	**Total**
Balance at beginning of the year	**-**	-	-
Additions	381,966,093	1,000,000	382,966,093
Disposals	(56,097,727)	-	(56,097,727)
Losses arising on financial assets mandatorily measured at FVTPL	(44,903,911)	(41,662)	(44,945,573)
Balance at the end of the year	**280,964,455**	**958,338**	**281,922,793**

*This represents an investment in a discretionary portfolio managed by a portfolio manager in shares listed on the Saudi stock exchange market.

**This represents an investment in a distribution Fund investing in listed shares on the Saudi stock exchange market. The fair value is derived by the unit net asset value as announced by the fund's manager.

8. PREPAID EXPENSES AND OTHER RECEIVABLES

	2024	2023
Dividends receivable	**1,125,118**	7,597,240
Prepaid expenses	**246,047**	134,269
Other receivables	**14,273**	5,007
	1,385,438	7,736,516
Expected credit loss	**-**	-
	1,385,438	7,736,516

The movement of the expected credit loss is as follows:

	2024	2023
Balance at the beginning of the year	**-**	304,570
reversed during the year	**-**	(304,570)
The balance at the year	**-**	-

(All amounts in Saudi Riyals unless otherwise stated)

9. CASH AND CASH EQUIVALENTS

	2024	2023
Cash and cash equivalents	**24,861,169**	39,882,410
	24,861,169	39,882,410

Cash and cash equivalents include and amount of SR 17.8 million (2023: SR 28 million) maintained under Company's investment portfolio account and an amount of SR 2.1 million (2023: 2.2 million) kept in accounts for dividends payable.

The balance with the banks is assessed to have a low credit risk of default since the banks are highly regulated by the Saudi Central Bank. Accordingly, management has estimated the loss allowance on balances with the banks at the end of the reporting period at an amount equal to 12 months ECL. None of the balances with the banks at the end of the reporting period are past due. Taking into account the historical default experience and the current credit ratings of the banks, management have assessed ECL on the bank balances and any loss given default is considered negligible, and hence management have not recorded any loss allowances in these financial statements.

10. STATUTORY RESERVE

In accordance with its articles of association, the Company has to establish a statutory reserve by the appropriation of 10% of net profit. The shareholders may cease appropriation when the reserve equals 20% of the share capital.

11. DIVIDENDS

The Ordinary General Assembly of Shareholders, on June 22, 2023, approved the Board of Directors' recommendation to distribute dividends for the fiscal year 2022 amounting to SR 15,000,000. The dividends were disbursed on July 17, 2023, to shareholders registered in the shareholders' register at the end of trading on June 22, 2023.

12. EMPLOYEES' DEFINED BENEFIT LIABILITIES

The most recent actuarial valuation was performed by an independent, qualified actuary using the projected unit credit method.

Movement in liability recognised in the statement of financial position and its components are as follows:

	2024	2023
1 January	**122,492**	47,509
Current service cost	**75,424**	36,724
Interest cost	**3,670**	3,003
Payments during the year	**(95,189)**	-
Re-measurements due to actuarial loss	**28,487**	35,256
31 December	**134,884**	122,492

(All amounts in Saudi Riyals unless otherwise stated)

12. EMPLOYEES' DEFINED BENEFIT LIABILITIES (continued)

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

	2024	2023
Discount rate	**5.50%**	%4.90
Rate of salary increases	**5.50%**	%10.0

All movements in the employee defined benefit liabilities are recognised in the statement of profit or loss except for the actuarial gain or loss which is recognised in other comprehensive income.

Sensitivity analysis

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

Discount rate	**Changes in the assumptions**	**2024**	2023
Discount rate	Increase in discount rate of 1%	**124,412**	115,823
	Decrease in discount rate of 1%	**147,400**	129,696
Rate of salary increase	Increase in rate of salary increase of 1%	**147,162**	128,753
	Decrease in rate of salary increase of 1%	**124,375**	116,612

13. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise the shareholders, directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

The Company maintains balances with these related parties which arise in the normal course of business from the commercial transactions, the Company transacts with its related parties, on agreed prices and contract terms as approved by the Company's management. The prices are not fixed by any agreement and are mutually agreed at the time of the transaction.

The significant transactions entered into by the Company with related parties during the year, other than those disclosed elsewhere in these financial statements, are as follows:

Related parties and relationship	**Nature of transactions**	**2024**	2023
Arab Company for Tanks Ltd. (Associate)	Administrative services fees	**301,500**	301,500

Due from a related party is as follows:

	2024	**2023**
Arab Company for Sulfonate Limited	**-**	2,639,014
Less: Provision for expected credit losses	**-**	(2,639,014)
	-	-

The following table illustrates details of remuneration and compensation of Directors and Key Management Personnel:

	2024	2023
Salaries and bonuses	**3,551,111**	935,492
Other long-term benefits	**51,472**	13,749
	3,602,583	949,241

(All amounts in Saudi Riyals unless otherwise stated)

13. TRANSACTIONS WITH RELATED PARTIES (continued)

As of 31 December 2024, the balance due for remuneration of key management personnel amounted to SR 2.65 million (SAR 1.52 million in 2023).

Key management personnel include the Board of Directors, Committee, the Chief Executive Officer, and department heads. The remuneration of the Company's key management personnel includes salaries, non-cash benefits, and contributions to a defined benefit plan after employment.

14. ACCRUED EXPENSES AND OTHER LIABILITIES

	2024	2023
Board of directors' and its committees' remunerations	**2,650,000**	1,518,639
Accrued professional fees	**1,842,060**	-
Accrued employee expenses	**904,623**	-
Accrued expenses	**817,800**	571,344
Provision for legal case	**-**	1,832,000
	6,214,483	3,921,983

15. ZAKAT

The principal elements of the Company’s Zakat base are as follows:

	2024	2023
Non current assets	**52,199,120**	393,595,128
Non-current liabilities	**456,364**	122,492
Equity opening balance	**434,011,332**	438,820,853
Net (loss)/ profit before Zakat	**(45,688,017)**	9,379,104

Some of these amounts were adjusted to reach the Zakat charged for the year.

The movement in the Zakat is as follows:

	2024	2023
Balance at beginning of the year	**878,330**	1,437,887
Provision for the year	**7,799,680**	1,677,461
Payments during the year	**(878,330)**	(2,237,018)
	7,799,680	878,330

The Company has submitted its Zakat returns up to 31 December 2023 and settled Zakat as per the returns and obtained the required certificates. The Zakat, Tax and Customs Authority “ZATCA” has finalised Zakat assessments for all years until 31 December 2022 and the assessment for year 2023 is under review by ZATCA.

(All amounts in Saudi Riyals unless otherwise stated)

16. GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
Professional and legal fees	**4,230,931**	1,076,899
Salaries, wages, and other similar expenses	**2,587,811**	1,397,920
Board of directors and committees’ remunerations	**1,428,889**	768,159
Management fees	**1,034,572**	-
Employee bonuses	**863,310**	115,500
Donations	**600,000**	100,000
Board and committee meetings attendance allowance	**366,000**	167,333
Capital Market Authority Fees	**351,135**	348,751
Medical insurance expenses	**143,296**	126,601
Retirement benefit contributions	**123,245**	94,794
Rent expenses	**17,375**	141,947
Bank charges	**1,387**	143,405
Fines and penalties	**-**	1,832,000
Advertising expenses	**-**	19,550
Other expenses	**801,416**	211,611
	12,549,367	6,544,470

17. BASIC AND DILUTED EARNINGS PER SHARE FROM NET (LOSS) / INCOME FOR THE YEAR

Basic and diluted earnings per share for the years ended 31 December 2024 and 2023 are calculated by dividing the net income for the period attributable to the equity holders of the Company by 15 million shares. The diluted earnings per share is the same as the basic earnings per share.

18. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Company’s activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Company to transfer securities might be temporarily impaired.

The Company uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below

Market risk
It is the risk of fluctuation in a financial instrument due to changes in prices prevailing in the market, such as foreign exchange rates and interest rates, which affect the Company's income or the value of its financial instruments. Market risk management aims to manage and control exposure to market risk within acceptable limits while maximizing returns. The Company does not have interest prices risk and market risk as follows:

Prices risk
The Company is exposed to equity securities price risk. This arises from investments held by the Company for which prices in the future are uncertain.

18. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

The Company's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the Board of Directors.

The majority of the Company's equity investments are publicly traded. The Fund's policy requires that the overall market position is monitored on a daily basis by the Company's Investment Manager and is reviewed on a quarterly basis by the Board of Directors. Compliance with the Company's investment policies are reported to the Board on a monthly basis.

The following table shows a breakdown of exposure to equity shares and their impact on equity, along with the percentage change in equity prices.

		31 December 2024		
Item	**Balance**	**Sensitivity**	**Net profit**	**Equity**
Financial assets at FVTPL	281,922,793	**+5%** **-5%**	+14,096,140 -14,096,140	- -

		31 December 2023		
Item	Balance	Sensitivity	Net profit	Equity
Financial assets at FVTOCI	343,908,353	+5% -5%	- -	+17,195,418 -17,195,418

Currency risk
It is the risk that the value of a financial instrument may fluctuate due to changes in foreign exchange rates. The company's transactions are mainly conducted in Saudi riyals. Currency risk is managed regularly.

Credit risk
Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's financial instruments that are subject to credit risks are primarily including of cash and cash equivalents, and other receivables. The Company trades only with recognised, creditworthy third parties. In addition, receivables balances are reviewed continuously and aging analysis for such receivables is prepared to assess the need for any allowance for doubtful debts. The Company deposits its cash with local banks with good credit ratings. The Company also has a policy regarding the amount of funds deposited in each bank, and the management does not expect the existence of the significant credit risk resulting from this.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulties in obtaining the necessary finance to meet obligations related to financial instruments, Liquidity risk may arise when inability to sell a financial asset quickly at a value approximate to its fair value. Liquidity risk is managed through regular monitoring of the adequacy of the available liquidity to meet the financial obligations of the company. As the Company has sufficient liquidity to pay its liabilities.

(All amounts in Saudi Riyals unless otherwise stated)

18. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Capital management

The Company manages its capital to ensure it will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the equity balance. The Company's overall strategy remains unchanged from the previous year.

The capital structure of the Company consists of debt and equity comprising share capital, retained earnings and short-term loans.

Categories of financial instruments

	2024	2023
<u>**Financial assets at amortised cost**</u>		
Cash and cash equivalents	**24,861,169**	39,882,410
Other Receivables	**1,139,391**	7,736,516
Financial Assets at Fair Value:		
Investments at FVTOCI	**-**	343,908,353
Investments at FVTPL	**281,922,793**	-
<u>**Financial Liabilities**</u>		
Financial liabilities at amortised cost		
Dividends payable	**2,231,880**	2,279,917
Accrued expenses and other liabilities	**6,214,483**	3,921,983

19. FAIR VALUE OF FINANCIAL INSTRUMENT

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability,

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

	Level 1	Level 2	Level 3	Total
As at 31 December 2024				
Investments at FVTPL	**280,964,455**	**958,338**	**-**	**281,922,793**
As at 31 December 2023				
Investments at FVTOCI	343,908,353	-	-	343,908,353

20. SUBSEQUENT EVENTS

On 7 January 2025, the Company announced that the non-binding memorandum of understanding (MoU) signed on 6 July 2024 with the same terms and conditions related to the full acquisitions of German Saudi Industrial Company and Golden Compass Mining Services Company expired without concluding a binding agreement. This event has no impact on the financial statements for the year ended 31 December 2024.

21. APPROVAL OF THE FINANCIAL STATEMENTS

Thes financial statements were approved for issuance by the Board of Directors on 26 Ramadan 1446H (corresponding to 26 March 2025).