

**GAS ARABIAN SERVICES COMPANY**  
(A Saudi Joint Stock Company)

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

**GAS ARABIAN SERVICES COMPANY**  
(A Saudi Joint Stock Company)

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**  
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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year then ended, in accordance with IFRS Accounting Standards 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 requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that are relevant to our audit of the 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 matters**

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

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

<b>Revenue recognition</b>	
Refer to note 3 for the accounting policy and note 22 for related disclosures.	
<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>During the year ended December 31, 2024, the Company has recognized a total revenue amounted to SR 1,093 million.</p> <p>Management recognises revenue in either at a point in time or over time according to the principals of IFRS 15, Revenue from Contracts with Customers.</p> <p>We considered this as a key audit matter due to the presumption of the fraud risk related to the revenue recognition and the risk that the management may record revenue before the satisfaction of the performance obligation. In addition, the Company's focuses on revenue as a key performance measure which could create an incentive for revenue to be recognized before the control has been transferred.</p>	<p>Our audit procedures on revenue recognition of the Company included the following:</p> <ul style="list-style-type: none"> <li>- Assessed the appropriateness of Company's revenue recognition and measurement policy in line with the requirements of IFRS-15 "Revenue from contracts with customers".</li> <li>- Assessed the design and implementation of relevant key controls over revenue cycle;</li> <li>- Obtained and tested, on sample basis, the customer contracts for technical services provided which was recognized over time and re-calculated revenue based on performance completed, compared it with calculation performed by management, assessed the revenue recognition as per contractual obligation and the adequacy of over time revenue recognition;</li> <li>- Traced contract assets portion to the subsequent billing in future period;</li> <li>- Tested on sample basis revenue recorded at a point in time and traced them to invoices, proof of delivery and other related documents;</li> <li>- Performed the cut-off test to ensure that the revenue is recorded in the appropriate accounting period;</li> <li>- Assessed the adequacy of the disclosure in the financial statements.</li> </ul>

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

<b>Allowance for expected credit losses</b>	
Refer to note 3 for the accounting policy and note 12 for related disclosures.	
<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At December 31, 2024, the Company's trade receivables and contract assets and retention receivables amounted to SR 318.48 million, against which an allowance for expected credit losses of SR 7.99 million is maintained.</p> <p>The Company assesses at each reporting date whether the trade receivables are impaired. Management applies an expected credit loss ("ECL") model to determine the appropriate allowance expected credit losses.</p> <p>The determination of allowance for expected credit losses is based on certain assumptions that relate mainly to risk of default and expected loss rates. The Company applies judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the past history, market conditions, as well as forward looking estimates.</p> <p>We considered this as a key audit matter due to the level of judgement applied and estimates made in application of the ECL.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- Obtained an understanding of the process used by the management in determining the allowance for expected credit losses;</li> <li>- Assessed the significant assumptions used in the ECL model's calculation such as; forward-looking factors and macro-economic variables and for certain customers categories determination that are used to determine the allowance for expected credit losses;</li> <li>- Tested the mathematical accuracy of the ECL model;</li> <li>- Involved our specialist in assessing the methodology applied by the management in the ECL model in accordance with the requirements of IFRS 9, tested the key assumptions used by management and assessed the reasonableness of the estimates used to record the allowance for expected credit losses; and</li> <li>- Assessed the adequacy and appropriateness of disclosures included in the financial statements.</li> </ul>

**Other information**

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

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

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

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

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

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

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

In preparing the financial statements, 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 Company's 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Company's management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

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

**For Dr. Mohamed Al-Amri & Co.**

Ahmed Al Jumah  
Certified Public Accountant  
Registration No. 621



Dammam, on 10 Ramadan 1446 (H)  
Corresponding to: 10 March, 2025 G

**GAS ARABIAN SERVICES COMPANY**  
(A Saudi Joint Stock Company)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2024**  
(Expressed in Saudi Riyals)

	<u>Notes</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	7	135,057,516	85,332,948
Right-of-use assets	8	6,117,456	3,793,078
Intangible assets	9	143,979	145,211
Investment in associates and joint ventures	10	113,611,697	106,170,934
<b>Total non-current assets</b>		<u>254,930,648</u>	<u>195,442,171</u>
<b>Current assets</b>			
Inventories	11	44,995,854	61,778,490
Trade receivables and contract assets	12	285,913,358	186,576,454
Prepayments and other receivables	13	79,794,405	51,553,711
Cash and cash equivalents	14	172,692,148	91,059,388
<b>Total current assets</b>		<u>583,395,765</u>	<u>390,968,043</u>
<b>TOTAL ASSETS</b>		<u>838,326,413</u>	<u>586,410,214</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15	158,000,000	158,000,000
Statutory reserve	15	-	36,867,936
Treasury shares	16	(3,279,789)	(3,224,947)
Other reserve	16	410,025	410,025
Retained earnings		249,333,805	168,637,211
<b>Total equity</b>		<u>404,464,041</u>	<u>360,690,225</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Obligation against investment in joint ventures	10	11,639,186	8,721,969
Employees end of service benefits	17	33,735,813	30,528,688
Lease liabilities	18	3,391,849	2,476,538
<b>Total non-current liabilities</b>		<u>48,766,848</u>	<u>41,727,195</u>
<b>Current liabilities</b>			
Lease liabilities – current portion	18	1,853,816	1,139,284
Accounts payable	19	189,841,770	96,709,699
Accrued and other liabilities	20	113,221,691	49,019,253
Contract liabilities		74,643,243	30,273,448
Provision for Zakat	21	5,535,004	6,851,110
<b>Total current liabilities</b>		<u>385,095,524</u>	<u>183,992,794</u>
<b>Total liabilities</b>		<u>433,862,372</u>	<u>225,719,989</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>838,326,413</u>	<u>586,410,214</u>

The accompanying notes from 1 to 36 form an integral part of these financial statements.



Chairman



Chief Executive Officer



Finance Manager

**GAS ARABIAN SERVICES COMPANY**  
(A Saudi Joint Stock Company)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(Expressed in Saudi Riyals)

	Notes	December 31, 2024	December 31, 2023
Revenue	22	1,093,034,698	721,511,577
Cost of revenue	23	(920,626,253)	(598,381,636)
<b>Gross profit</b>		<b>172,408,445</b>	<b>123,129,941</b>
General and administrative expenses	24	(88,998,617)	(71,584,400)
Allowance for expected credit losses		(574,157)	(6,433,837)
Share in results of associates and joint ventures	10	27,927,406	37,602,523
<b>Profit from operations</b>		<b>110,763,077</b>	<b>82,714,227</b>
Other income	25	8,892,578	7,360,671
Finance costs	26	(1,030,088)	(1,818,322)
<b>Profit before Zakat</b>		<b>118,625,567</b>	<b>88,256,576</b>
Zakat	21	(4,669,830)	(6,787,464)
<b>NET PROFIT FOR THE YEAR</b>		<b>113,955,737</b>	<b>81,469,112</b>
<b>Other comprehensive income</b>			
<i>Items that will not be subsequently reclassified to profit or loss</i>			
Remeasurement gain on employees' defined benefits	17	787,912	417,472
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>114,743,649</b>	<b>81,886,584</b>

**EARNINGS PER SHARE**

Restated (note 27)

Basic earnings per share from net profit attributable to the shareholders of the Company	27	0.7231	0.5164
Diluted earnings per share from net profit attributable to the shareholders of the Company	27	0.7212	0.5156

The accompanying notes from 1 to 36 form an integral part of these financial statements.

Chairman

Chief Executive Officer

Finance Manager

**GAS ARABIAN SERVICES COMPANY**  
(A Saudi Joint Stock Company)

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(Expressed in Saudi Riyals)

	Share capital	Statutory reserve	Treasury shares	Other reserve	Retained earnings	Total
At January 01, 2023	158,000,000	28,721,025	-	-	130,447,538	317,168,563
Net profit for the year	-	-	-	-	81,469,112	81,469,112
Other comprehensive income	-	-	-	-	417,472	417,472
Total comprehensive income for the year	-	-	-	-	81,886,584	81,886,584
Transfer to statutory reserve	-	8,146,911	-	-	(8,146,911)	-
Shares to be issued under Employee Stock Ownership Plan (ESOP) (note- 16)	-	-	-	410,025	-	410,025
Purchase of treasury shares (note- 16)	-	-	(3,224,947)	-	-	(3,224,947)
Dividends (note-32)	-	-	-	-	(35,550,000)	(35,550,000)
At December 31, 2023	158,000,000	36,867,936	(3,224,947)	410,025	168,637,211	360,690,225
<b>Net profit for the year</b>	-	-	-	-	<b>113,955,737</b>	<b>113,955,737</b>
<b>Other comprehensive income</b>	-	-	-	-	<b>787,912</b>	<b>787,912</b>
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>114,743,649</b>	<b>114,743,649</b>
<b>Transfer to retained earnings (note - 15)</b>	-	<b>(36,867,936)</b>	-	-	<b>36,867,936</b>	-
<b>Purchase of treasury shares (note- 16)</b>	-	-	<b>(54,842)</b>	-	-	<b>(54,842)</b>
<b>Dividends (note- 32)</b>	-	-	-	-	<b>(70,914,991)</b>	<b>(70,914,991)</b>
<b>At December 31, 2024</b>	<b>158,000,000</b>	-	<b>(3,279,789)</b>	<b>410,025</b>	<b>249,333,805</b>	<b>404,464,041</b>

The accompanying notes from 1 to 36 form an integral part of these financial statements.



Chairman



Chief Executive Officer



Finance Manager

**GAS ARABIAN SERVICES COMPANY**  
(A Saudi Joint Stock Company)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(Expressed in Saudi Riyals)

	<u>Notes</u>	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before Zakat		118,625,567	88,256,576
<i>Adjustments for:</i>			
Depreciation on property and equipment	7	11,513,014	5,443,456
Depreciation on right-of-use assets	8	1,643,517	1,055,092
Amortization of intangible assets	9	75,855	70,715
Share in results of associates and joint ventures	10	(27,927,406)	(37,602,523)
Allowance for expected credit losses		574,157	6,433,837
Shares to be issued under ESOP	16	-	410,025
Provision for employees end of service benefits	17	6,638,593	4,829,784
Gain on disposal of property and equipment	25	(123,959)	(152,285)
Finance costs	26	1,030,088	1,818,322
Realized gain on investments at FVTPL - net		-	(1,175,436)
		<u>112,049,426</u>	<u>69,387,563</u>
<i>Changes in:</i>			
Inventories	11	16,782,636	(34,660,250)
Trade receivables and contract assets	12	(99,911,061)	(18,005,097)
Prepayments and other receivables	13	(28,240,694)	17,011,145
Accounts payable	19	93,132,071	13,654,928
Accrued and other liabilities	20	64,202,438	25,335,041
Contract liabilities		44,369,795	(4,052,394)
<b>Cash flows generated from operations</b>		<u>202,384,611</u>	<u>68,670,936</u>
Finance costs paid		(612,484)	(1,545,819)
Zakat paid	17	(5,985,936)	(5,594,028)
Employees end of service benefits paid including advances	19	(2,643,556)	(1,693,722)
<b>Net cash flows generated from operating activities</b>		<u>193,142,635</u>	<u>59,837,367</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	7	(61,368,593)	(33,799,863)
Purchases of intangibles	9	(74,623)	(35,975)
Proceeds from disposal of property and equipment		254,970	388,081
Dividends received from associates and joint ventures	10	25,753,860	24,667,500
Purchase of investments at FVTPL		-	(23,729,044)
Sale of investments at FVTPL		-	36,120,744
Investment in associates and joint ventures	10	(2,350,000)	-
<b>Net cash flows (used in)/ generated from investing activities</b>		<u>(37,784,386)</u>	<u>3,611,443</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Purchase of treasury shares	16	(54,842)	(3,224,947)
Proceeds from short term loans		-	3,500,000
Repayments of short-term loans		-	(3,500,000)
Payments of lease liabilities	18	(2,755,656)	(1,529,831)
Dividends paid	32	(70,914,991)	(35,550,000)
<b>Net cash used in financing activities</b>		<u>(73,725,489)</u>	<u>(40,304,778)</u>
<b>Net change in cash and cash equivalents</b>		<u>81,632,760</u>	<u>23,144,032</u>
Cash and cash equivalents at beginning of the year		<u>91,059,388</u>	<u>67,915,356</u>
Cash and cash equivalents at end of the year	14	<u>172,692,148</u>	<u>91,059,388</u>

The accompanying notes from 1 to 36 form an integral part of these financial statements.



Chairman



Chief Executive Officer 10



Finance Manager

# **GAS ARABIAN SERVICES COMPANY**

(A Saudi Joint Stock Company)

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024**

(Expressed in Saudi Riyals)

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### **1 CORPORATE INFORMATION**

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

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

The Company operates through the following branches:

<b>Branches</b>	<b>CR No.</b>
Gas Arabian Services Company – Jubail	2055004723
Gas Arabian Services Company – Dammam	2050099200
Gas Arabian Services Company – Yanbu	4700106468
Gas Arabian Services Company – Jubail	2055011867
Gas Arabian Services Company – Dammam	2050113651
Gas Arabian Services Company – Dammam	2050180839

### **2 BASIS OF PREPARATION AND BASIS OF MEASSUREMENT**

#### **2.1 Statement of compliance**

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

#### **2.2 Basis of measurement**

These financial statements have been prepared on historical cost convention except for employees benefits which are measured at present value.

#### **2.3 Functional and presentation currency**

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

### **3 MATERIAL ACCOUNTING POLICIES**

#### **3.1 Current versus non-current classification**

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

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

All other assets are classified as non-current.

**GAS ARABIAN SERVICES COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(Expressed in Saudi Riyals)

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**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.1 Current versus non-current classification (Continued)**

A liability is current when:

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

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

The Company classifies all other liabilities as non-current.

**3.2 Fair value measurement**

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

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

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

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

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

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

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

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

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

**GAS ARABIAN SERVICES COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(Expressed in Saudi Riyals)

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**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.3 Revenue from contracts with customers**

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

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

**Sale of goods**

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

**Technical services**

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

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

**Sales commission**

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

**3.3.1 Contract balances**

**Contract assets**

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

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

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**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**Trade receivables**

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

**Contract liabilities**

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

**3.4 Expenses**

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

**3.5 Cash dividend distribution to equity holders**

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

**3.6 Foreign currencies**

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

**3.7 Zakat and indirect tax**

**3.7.1 Zakat**

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

**3.7.2 Value added tax (VAT)**

Sales, expenses and assets are recognised net of the amount of value added tax, except when the value added tax incurred on purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.8 Property and equipment**

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

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

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

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

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

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

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

**3.9 The Employee Stock Ownership Plan (ESOP)**

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

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**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.10 Leases**

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

*Company as a lessee*

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

*Right-of-use assets*

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

*Leasehold land - 5 to 10 years*

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

*Lease liabilities*

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

*Short-term leases and leases of low-value assets*

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

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**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.11 Intangible assets**

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

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

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

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

**3.12 Investment in associates and joint arrangements**

**Associates**

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

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

**Joint arrangements**

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

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

**Joint ventures:**

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

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

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**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.12 Investment in associates and joint arrangements (Continued)**

**Joint operations:**

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

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

**Equity method**

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

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

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

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

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

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**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.13 Financial instruments – initial recognition, subsequent measurement and derecognition**

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

**Financial assets**

*Initial recognition and measurement*

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

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

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

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

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

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

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### **3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

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

##### **Financial assets (Continued)**

###### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in to four categories:

- (i) Financial assets at amortised cost (debt instruments)
- (ii) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments) - not applicable to the Company
- (iii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) - not applicable to the Company
- (iv) Financial assets at fair value through profit or loss

###### *Financial assets at amortised cost (debt instruments)*

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

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

###### *Financial assets at fair value through profit or loss*

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

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

###### *Derecognition*

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

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

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**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

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

*Derecognition (Continued)*

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

*Impairment*

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

- Disclosures for significant assumptions Note 4
- Trade receivables and contract assets Note 12

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

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

**Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accounts and other payables, amounts due to related parties, lease liabilities and short-term loans.

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**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

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

*Subsequent measurement*

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

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

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

*Financial liabilities at amortised cost (loans and borrowings)*

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

*Derecognition*

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

**Offsetting of financial instruments**

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

**3.14 Impairment of non-financial assets**

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

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**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.14 Impairment of non-financial assets (Continued)**

In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

For assets, an assessment is made at each financial year-end as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**3.15 Inventories**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

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

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

**3.16 Cash and cash equivalents**

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

**3.17 Short term investments**

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

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

**3.18 Statutory reserve**

According to the latest update in the Regulations for Companies in the Kingdom of Saudi Arabia, the mandatory statutory reserve requirement has been abolished. In accordance with the bylaws, the Company transferred the statutory reserve to retained earnings. This reserve is currently available for distribution.

**3.19 Treasury shares**

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

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**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.20 Employees' benefits**

*Short-term employee benefits*

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

*Employees' defined contribution obligations*

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

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

**3.21 Provisions**

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

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

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

**3.22 Segment information**

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

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

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

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**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.23 Contingencies**

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

**4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

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

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

- |                                      |             |
|--------------------------------------|-------------|
| - Sensitivity analysis disclosures   | Note 17     |
| - Financial instruments by category  | Note 30     |
| - Financial risk management policies | Note 31     |
| - Capital management                 | Note 31.1.3 |

**4.1 Judgements**

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

(i) *Satisfaction of performance obligations*

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

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

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

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

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**4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

**4.1 Judgements (Continued)**

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

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

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

**4.2 Estimates and assumptions**

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

(i) *Contract costs to complete estimates*

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

(ii) *Valuation of defined benefit obligations*

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

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

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about employees end of service benefits are provided in note 17.

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**4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

**4.2 Estimates and assumptions (Continued)**

(iii) *Provision for Zakat*

Provision for zakat and is determined by the Company in accordance with the requirements of the Zakat, Tax and Custom Authority ("ZATCA") and is subject to change based on final assessments received from the ZATCA. The Company recognizes liabilities for any anticipated Zakat based on management's best estimates of whether additional Zakat will be due. The final outcome of any additional amount assessed by the ZATCA related to Zakat, VAT or excise tax is dependent on the eventual outcome of the appeal process which the Company is entitled to. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences could impact the statement of profit or loss in the period in which such final determination is made.

(iv) *Provision for expected credit losses of trade receivables and contract assets*

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analysed.

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

**5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS**

The Company has applied for the first-time certain standards amendments, which are effective for annual periods beginning on or after January 01, 2024 but they have no material impact on these financial statements.

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

**6 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE**

The Company has not early adopted the following new and revised IFRSs Accounting Standards and amendments that have been issued but are not yet effective.

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

- Lack of Exchangeability – Effect of changes in foreign exchange rates (IAS 21)
- Classification and Measurement of Financial Instruments (IFRS 9 & IFRS 7)
- Presentation and Disclosure in Financial Statements (IFRS 18)
- Subsidiaries without Public Accountability: Disclosures (IFRS 19)

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

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**7. PROPERTY AND EQUIPMENT**

	<u>Land</u>	<u>Buildings (note 7.1)</u>	<u>Furniture, fixture and office equipment</u>	<u>Motor vehicles</u>	<u>Machinery and equipment</u>	<u>Project facilities</u>	<u>Capital work in progress (note 7.2)</u>	<u>Total</u>
<b>Cost:</b>								
At January 01, 2023	20,433,725	28,061,966	4,383,332	13,986,492	10,461,184	-	9,091,613	86,418,312
Additions	-	168,895	458,850	6,885,895	6,996,549	32,000	19,257,674	33,799,863
Disposals / write offs	-	(213,006)	-	(841,417)	(66,667)	-	-	(1,121,090)
Transfer	-	900,068	-	-	-	1,049,100	(1,949,168)	-
At December 31, 2023	<u>20,433,725</u>	<u>28,917,923</u>	<u>4,842,182</u>	<u>20,030,970</u>	<u>17,391,066</u>	<u>1,081,100</u>	<u>26,400,119</u>	<u>119,097,085</u>
<b>Additions</b>	<b>-</b>	<b>79,000</b>	<b>892,162</b>	<b>18,856,789</b>	<b>14,789,400</b>	<b>340,906</b>	<b>26,410,336</b>	<b>61,368,593</b>
<b>Disposals / write offs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(796,416)</b>	<b>(858,694)</b>	<b>-</b>	<b>-</b>	<b>(1,655,110)</b>
<b>Transfer</b>	<b>-</b>	<b>-</b>	<b>817,740</b>	<b>-</b>	<b>1,627,000</b>	<b>13,355,212</b>	<b>(15,799,952)</b>	<b>-</b>
<b>At December 31, 2024</b>	<b><u>20,433,725</u></b>	<b><u>28,996,923</u></b>	<b><u>6,552,084</u></b>	<b><u>38,091,343</u></b>	<b><u>32,948,772</u></b>	<b><u>14,777,218</u></b>	<b><u>37,010,503</u></b>	<b><u>178,810,568</u></b>
<b>ACCUMULATED DEPRECIATION:</b>								
At January 01, 2023	-	9,303,404	3,522,195	10,218,283	6,162,093	-	-	29,205,975
Charge for the year	-	1,830,898	374,412	1,216,332	1,696,963	324,851	-	5,443,456
Disposals / write offs	-	(65,502)	-	(784,686)	(35,106)	-	-	(885,294)
At December 31, 2023	-	11,068,800	3,896,607	10,649,929	7,823,950	324,851	-	33,764,137
<b>Charge for the year</b>	<b>-</b>	<b>2,440,722</b>	<b>493,864</b>	<b>2,024,095</b>	<b>3,138,719</b>	<b>3,415,614</b>	<b>-</b>	<b>11,513,014</b>
<b>Disposals / write offs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(692,812)</b>	<b>(831,287)</b>	<b>-</b>	<b>-</b>	<b>(1,524,099)</b>
<b>At December 31, 2024</b>	<b>-</b>	<b><u>13,509,522</u></b>	<b><u>4,390,471</u></b>	<b><u>11,981,212</u></b>	<b><u>10,131,382</u></b>	<b><u>3,740,465</u></b>	<b>-</b>	<b><u>43,753,052</u></b>
<b>NET BOOK VALUE:</b>							-	
<b>At December 31, 2024</b>	<b><u>20,433,725</u></b>	<b><u>15,487,401</u></b>	<b><u>2,161,613</u></b>	<b><u>26,110,131</u></b>	<b><u>22,817,390</u></b>	<b><u>11,036,753</u></b>	<b><u>37,010,503</u></b>	<b><u>135,057,516</u></b>
At December 31, 2023	20,433,725	17,849,123	945,575	9,381,041	9,567,116	756,249	26,400,119	85,332,948

7.1 Buildings are constructed on a land rented from Royal Commission for Jubail & Yanbu with a standard rent for ten years starting from November 03, 2014 with option to renew on expiry of the lease term. During 2024, the lease was renewed for an additional 10 years.

7.2 Capital work in progress represents mainly the construction of GAS Tower and Project Site Facilities. Management is expecting the construction works to be completed till the year 2026.

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**8. RIGHT-OF-USE ASSETS**

Right of use consist of leasehold land (leasehold land contract includes land, office building, workshop facility etc.) depreciated over 2 to 10 years:

	<b>December 31, 2024</b>	December 31, 2023
<b>Cost:</b>		
At January 01,	6,478,443	2,632,558
Addition	3,967,895	3,845,885
Retirements	(991,028)	-
<b>At December 31,</b>	<b>9,455,310</b>	<b>6,478,443</b>
<b>Accumulated depreciation:</b>		
At January 01,	2,685,365	1,630,273
Retirements	(991,028)	-
<b>Charge for the year</b>	<b>1,643,517</b>	<b>1,055,092</b>
<b>At December 31,</b>	<b>3,337,854</b>	<b>2,685,365</b>
<b>Net carrying amount:</b>		
<b>At December 31,</b>	<b>6,117,456</b>	<b>3,793,078</b>

**9. INTANGIBLE ASSETS**

<b>December 31, 2024</b>	<b>Software</b>
<b>Cost:</b>	
At the beginning of the year	1,007,164
Additions	74,623
At the end of the year	1,081,787
<b>Accumulated amortization:</b>	
At the beginning of the year	861,953
Charge for the year	75,855
At the end of the year	937,808
<b>Net carrying amount:</b>	
<b>At December 31, 2024</b>	<b>143,979</b>

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

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**10. INVESTMENT IN ASSOCIATES AND JOINT VENTURES**

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

<i>Name of associates and joint ventures</i>	<i>Ownership</i>		<i>Country of incorporation</i>	<i>Nature of activities</i>	<i>December 31,</i>	<i>December 31,</i>
	<i>2024</i>	<i>2023</i>			<i>2024</i>	<i>2023</i>
Yokogawa Services Saudi Arabia Company	<b>33%</b>	33%	Saudi Arabia	Providing industrial technical services	<b>45,026,259</b>	38,041,589
Elliott Gas Services Saudi Arabia Limited	<b>45%</b>	45%	Saudi Arabia	Providing industrial technical services	<b>44,129,451</b>	50,823,434
FS Elliott Services Saudi Arabia Limited	<b>50%</b>	50%	Saudi Arabia	Providing industrial technical services	<b>10,542,909</b>	10,451,136
Weidmular Saudi Arabia Factory	<b>49%</b>	49%	Saudi Arabia	Manufacturing of industrial electrical components	<b>8,531,901</b>	3,755,621
Gas Vector Saudi Arabia Company Limited	<b>45%</b>	45%	Saudi Arabia	Providing industrial technical services	<b>3,586,321</b>	3,099,154
TubeFit Engineering Arabian Factory LLC	<b>47%</b>	47%	Saudi Arabia	Manufacturing and assembling instrumentation	<b>1,794,856</b>	-
FS Elliott Saudi Arabia Limited	<b>50%</b>	50%	Saudi Arabia	Trading of industrial equipment	<b>(8,756,028)</b>	(7,655,577)
Elster Instromet Services Saudi Arabia Company Limited	<b>40%</b>	40%	Saudi Arabia	Providing industrial technical services	<b>(2,883,158)</b>	(1,066,392)
<i>Disclosed in the statement of financial position as follows:</i>						
Investments in associates and joint ventures under non-current assets					<b>113,611,697</b>	106,170,934
Obligation against investment in joint venture under non-current liabilities (note 10.1)					<b>(11,639,186)</b>	(8,721,969)

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**10. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (continued)**

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

	<i>Yokogawa Services Saudi Arabia Company</i>	<i>Elliott Gas Services Saudi Arabia Limited</i>	<i>Other associates and joint ventures</i>	<i>Total</i>
<b>December 31, 2024</b>				
At January 01	38,041,589	50,823,434	17,305,911	106,170,934
Share of results	14,176,030	11,868,517	4,800,076	30,844,623
Additional investment	-	-	2,350,000	2,350,000
Dividend received	(7,191,360)	(18,562,500)	-	(25,753,860)
At December 31	<u>45,026,259</u>	<u>44,129,451</u>	<u>24,455,987</u>	<u>113,611,697</u>
<b>December 31, 2023</b>				
At January 01	37,184,363	38,833,026	15,125,679	91,143,068
Share of results	6,962,226	30,552,908	2,445,476	39,960,610
Additional investment	-	-	(265,244)	(265,244)
Dividend received	(6,105,000)	(18,562,500)	-	(24,667,500)
At December 31	<u>38,041,589</u>	<u>50,823,434</u>	<u>17,305,911</u>	<u>106,170,934</u>

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

	<b>December 31, 2024</b>	December 31, 2023
At January 01	<u>8,721,969</u>	6,629,126
Adjustment	-	(265,244)
Share of obligation during the year	2,917,217	2,358,087
At December 31	<u>11,639,186</u>	<u>8,721,969</u>

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

	<b>December 31, 2024</b>	December 31, 2023
Share of results during the year	<u>30,844,623</u>	39,960,610
Share of obligation during the year	(2,917,217)	(2,358,087)
At December 31	<u>27,927,406</u>	<u>37,602,523</u>

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#### 10. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

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

	<i>December 31, 2024</i>		<i>December 31, 2023</i>	
	<i>Yokogawa Services Saudi Arabia Company</i>	<i>Elliott Gas Services Saudi Arabia Limited</i>	<i>Yokogawa Services Saudi Arabia Company</i>	<i>Elliott Gas Services Saudi Arabia Limited</i>
Current assets	216,801,111	69,553,203	197,044,078	100,110,084
Non-current assets	2,832,642	30,754,094	3,336,987	31,701,619
Current liabilities	(96,953,378)	(24,432,929)	(93,478,748)	(39,470,888)
Non-current liabilities	(6,162,966)	(1,862,118)	(7,023,839)	(1,904,170)
Net assets	<u>116,517,409</u>	<u>74,012,250</u>	<u>99,878,478</u>	<u>90,436,645</u>
<i>Reconciliation:</i>				
Company's share in %	33%	45%	33%	45%
Company's share	38,450,745	33,305,513	32,959,898	40,696,490
Add: adjustment for income tax	6,575,514	10,823,938	5,081,691	10,126,944
Carrying amount	<u>45,026,259</u>	<u>44,129,451</u>	<u>38,041,589</u>	<u>50,823,434</u>
Revenue	152,498,614	112,403,319	133,618,340	193,984,120
Profit for the year	45,334,524	28,464,528	24,775,764	68,698,640
<i>Reconciliation:</i>				
Company's share	14,960,393	12,490,430	8,176,002	31,234,179
Less: adjustment for income tax	(784,363)	(621,913)	(1,213,776)	(681,271)
Company's share in results	<u>14,176,030</u>	<u>11,868,517</u>	<u>6,962,226</u>	<u>30,552,908</u>

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**11. INVENTORIES**

	<b>December 31, 2024</b>	December 31, 2023
Goods for resale	<b>45,089,955</b>	41,706,355
Work in progress	-	20,084,266
Allowance for obsolete/ slow moving inventories (note 11.1)	<b>(94,101)</b>	(12,131)
	<b>44,995,854</b>	61,778,490

**11.1** The nature of inventory is non-perishable in nature; however, the Company has approved policy to assess normal wear and tear and record allowance for slow moving inventories for inventory items which are aged above five years ultimately resulting in allowance.

**12. TRADE RECEIVABLES AND CONTRACT ASSETS**

	<b>December 31, 2024</b>	December 31, 2023
Trade receivables (note 12.1)	<b>190,795,144</b>	149,927,622
Contract assets (note 12.2)	<b>95,118,214</b>	36,648,832
	<b>285,913,358</b>	186,576,454

**12.1 TRADE RECEIVABLES**

	<b>December 31, 2024</b>	December 31, 2023
Trade receivables		
- From third parties	<b>194,179,505</b>	155,842,254
- From related parties (note 28)	<b>4,081,448</b>	1,338,872
Trade receivables	<b>198,260,953</b>	157,181,126
Less: allowance for expected credit losses	<b>(7,465,809)</b>	(7,253,504)
	<b>190,795,144</b>	149,927,622

Five major customers' balances represent 32% (2023: 29%) of gross trade receivables.

Trade receivables are non-interest bearing and are generally on terms of 60 to 90 days. Unimpaired trade receivables are mainly unsecured and are expected on the basis of the past experience, to be fully recoverable. For the terms and conditions with the related parties, please refer note 28.

The allowance for expected credit loss on trade receivables is as follows:

<b>December 31, 2024</b>	<b>Expected loss rate</b>	<b>Gross carrying amount</b>	<b>Allowance For ECL</b>
0-90 days	<b>0.45%</b>	<b>169,712,192</b>	<b>763,705</b>
91-180 days	<b>4.38%</b>	<b>17,129,347</b>	<b>750,265</b>
181-270 days	<b>14.35%</b>	<b>3,971,130</b>	<b>569,857</b>
271-365 days	<b>45.45%</b>	<b>3,241,064</b>	<b>1,473,064</b>
Above 365 days	<b>92.75%</b>	<b>4,207,220</b>	<b>3,908,918</b>
Closing		<b>198,260,953</b>	<b>7,465,809</b>
December 31, 2023	Expected loss rate	Gross carrying amount	Allowance For ECL
0-90 days	1.34%	126,682,781	1,699,222
91-180 days	2.82%	13,881,976	391,122
181-270 days	6.17%	5,334,817	329,334
271-365 days	9.91%	2,212,977	219,204
Above 365 days	50.89%	9,068,575	4,614,622
Closing		157,181,126	7,253,504

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**12. TRADE RECEIVABLES AND CONTRACT ASSETS (CONTINUED)**

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

	<b>December 31, 2024</b>	December 31, 2023
At the beginning of the year	<u>7,253,504</u>	<u>3,227,377</u>
Charge for the year	<u>212,305</u>	<u>4,026,127</u>
At the end of the year	<u><u>7,465,809</u></u>	<u><u>7,253,504</u></u>

**12.2 CONTRACT ASSETS**

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

	<b>December 31, 2024</b>	December 31, 2023
Value of services performed (note - 22)	<u>379,857,278</u>	<u>133,267,936</u>
Less: Amounts billed under progress billings	<u>(284,521,397)</u>	<u>(96,451,394)</u>
Less: Allowance for expected credit losses	<u>(217,667)</u>	<u>(167,710)</u>
	<u><u>95,118,214</u></u>	<u><u>36,648,832</u></u>

**13. PREPAYMENTS AND OTHER RECEIVABLES**

	<b>December 31, 2024</b>	December 31, 2023
Retention receivable	<u>24,882,065</u>	<u>18,058,592</u>
Due from related parties (note 28)	<u>2,237,013</u>	<u>2,555,099</u>
Advances to suppliers	<u>40,037,910</u>	<u>17,912,941</u>
Prepaid expenses	<u>11,448,178</u>	<u>5,905,237</u>
Refundable deposits	<u>122,529</u>	<u>112,529</u>
Staff advances	<u>985,630</u>	<u>904,313</u>
Dividend receivable	<u>-</u>	<u>6,105,000</u>
Accrued interest	<u>392,976</u>	<u>-</u>
Less: Allowance for expected credit losses on retention	<u>(311,896)</u>	<u>-</u>
	<u><u>79,794,405</u></u>	<u><u>51,553,711</u></u>

**14. CASH AND CASH EQUIVALENTS**

	<b>December 31, 2024</b>	December 31, 2023
Cash at banks	<u>40,192,148</u>	<u>91,059,388</u>
Short term deposits (note 14.1)	<u>132,500,000</u>	<u>-</u>
	<u><u>172,692,148</u></u>	<u><u>91,059,388</u></u>

**14.1** During the year, the Company invested in short term investments (“Term Deposits”) at an average profit rate of 5.24% per annum having average maturity and roll forward of 30 to 120 days. These investments have yielded total interest income amounted to SR 3,241,530 charged to other income out of which SR 392,976 is recorded as an accrued income.

**14.1 Significant non-cash transactions:**

	<b>December 31, 2024</b>	December 31, 2023
Transfer from capital work in progress to property and equipment (note-7)	<u>15,799,952</u>	<u>1,949,168</u>
Additions to right of use assets (note-8)	<u>3,967,895</u>	<u>3,845,885</u>
	<u><u>19,767,847</u></u>	<u><u>5,795,053</u></u>

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**15. EQUITY**

**15.1 SHARE CAPITAL**

Share capital is divided into 158,000,000 shares of SR 1 each (2023: 158,000,000 shares of SR 1 each).

**15.2 STATUTORY RESERVE**

On May 14, 2024, in an Extraordinary General Meeting (EoGM), the Shareholders decided to amend the Company's By-Laws by removing the relevant clause pertaining to creating statutory reserve after the requirement to create the reserve was abolished in the new Companies regulations in the Kingdom of Saudi Arabia. The By-Laws of the Company has been amended accordingly.

Further, on December 10, 2024 in an EoGM, the Shareholders approved the transfer of SAR 36,867,936 from the statutory reserve to retained earnings. The transfer from the statutory reserve has been completed.

**16. TREASURY SHARES**

On April 10, 2023, the EoGM authorized the Board of Directors (BOD) to repurchase 200,000 shares for the purpose of keeping them as treasury shares, believing the nominal value was below market price. The Company, repurchased 31,484 shares (before split) amounted to SR 2,499,952, with a repurchase deadline of one year and a holding period of up to five years.

On June 16, 2023, the Board of Directors approved to repurchase a number of shares of the Company with a maximum of 100,000 to be allocated to Employee stock Ownership Plan ("ESOP"). From 2023-2024, the Company repurchased all 100,000 shares for SR 779,837 and created a reserve of SR 410,025 for the share issuance in future.

On August 8, 2023, the EoGM approved shares split by reducing the nominal value from SR 10 to SR 1 per share.

On May 14, 2024, the EoGM approved to change the purpose of treasury shares to the ESOP.

**17. EMPLOYEES END OF SERVICE BENEFITS**

**17.1 Post-employment benefits plan**

In accordance with the provisions of IAS 19 - Employee Benefits, management has appointed an independent actuary to carry out an exercise to assess the present value of its defined benefit obligations as at December 31, 2024 and December 31, 2023.

	<b>December 31, 2024</b>	December 31, 2023
Post-employment benefits plan	<u><b>33,735,813</b></u>	<u>30,528,688</u>

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

**17.2 Net benefit expense recognised in profit or loss**

	<b>December 31, 2024</b>	December 31, 2023
Current service cost	<u><b>4,978,860</b></u>	<u>3,489,261</u>
Interest cost	<u><b>1,659,733</b></u>	<u>1,340,523</u>
<b>Net benefit expense</b>	<u><b>6,638,593</b></u>	<u>4,829,784</u>

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**17. EMPLOYEES END OF SERVICE BENEFITS (CONTINUED)**

<b>17.3 Net remeasurement gain recognised in other comprehensive income</b>	<b>December 31, 2024</b>	December 31, 2023
Gain due to change in financial assumptions	<b>(6,179,420)</b>	(1,922,037)
Loss due to change in demographic assumptions	<b>5,391,508</b>	1,504,565
<b>Net remeasurement gain</b>	<b>(787,912)</b>	(417,472)

**17.4 Movement in the present value of defined benefit obligations**

	<b>December 31, 2024</b>	December 31, 2023
<b>Defined benefit obligations at the beginning of the year</b>	<b>35,565,158</b>	32,681,568
Current service cost	<b>4,978,860</b>	3,489,261
Interest cost	<b>1,659,733</b>	1,340,523
Benefits paid	<b>(1,974,789)</b>	(1,528,722)
Re-measurement gain on obligations	<b>(787,912)</b>	(417,472)
Defined benefit obligations at the end of the year	<b>39,441,050</b>	35,565,158
Less: Advances against employees end of service benefits	<b>(5,705,237)</b>	(5,036,470)
<b>Defined benefit obligations at the end of the year</b>	<b>33,735,813</b>	30,528,688

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

	<b>December 31, 2024</b>	December 31, 2023
	<b>% Per annum</b>	% Per annum
Discount rate	<b>5.5%</b>	4.8%
Future growth rate	<b>4.0%</b>	4.0%

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

<u><b>Assumptions</b></u>	<u><b>Discount rate per annum</b></u>	
	<u><b>1%</b></u>	<u><b>1%</b></u>
<b>Sensitivity level</b>	<u><b>Increase</b></u>	<u><b>Decrease</b></u>
<b>Defined benefit obligations as at December 31, 2024</b>	<b>36,787,831</b>	<b>42,286,560</b>
Defined benefit obligations as at December 31, 2023	32,844,230	38,512,348

<u><b>Assumptions</b></u>	<u><b>Salary increase rate per annum</b></u>	
	<u><b>1%</b></u>	<u><b>1%</b></u>
<b>Sensitivity level</b>	<u><b>Increase</b></u>	<u><b>Decrease</b></u>
<b>Defined benefit obligations as at December 31, 2024</b>	<b>42,285,625</b>	<b>36,787,379</b>
Defined benefit obligations as at December 31, 2023	38,511,497	32,843,827

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

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**18. LEASE LIABILITY**

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

	<b>December 31, 2024</b>	December 31, 2023
As at January 01	<u>3,615,822</u>	1,027,265
Addition	<b>3,967,895</b>	3,845,885
Interest	<b>417,604</b>	272,503
Payments	<u>(2,755,656)</u>	(1,529,831)
As at December 31	<u><b>5,245,665</b></u>	<u>3,615,822</u>

Lease liabilities are allocated into current and non-current as of December 31, 2024 based on the maturity as follows.

	<b>December 31, 2024</b>	December 31, 2023
Current portion	<u>1,853,816</u>	1,139,284
Non – current portion	<u>3,391,849</u>	2,476,538
<b>Total</b>	<u><b>5,245,665</b></u>	<u>3,615,822</u>

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

	<b>December 31, 2024</b>	December 31, 2023
Within one year	<u>2,269,487</u>	1,248,581
1-5 years	<u>3,433,974</u>	2,846,783
Above 5 years	<u>675,000</u>	-
<b>Total</b>	<u><b>6,378,461</b></u>	<u>4,095,364</u>

**19. ACCOUNTS PAYABLE**

	<b>December 31, 2024</b>	December 31, 2023
Accounts payable		
- To third parties	<u>186,449,803</u>	95,408,573
- To related parties (note 28)	<u>3,391,967</u>	1,301,126
	<u><b>189,841,770</b></u>	<u>96,709,699</u>

**20. ACCRUED AND OTHER LIABILITIES**

	<b>December 31, 2024</b>	December 31, 2023
Project accruals	<u>91,860,895</u>	28,763,856
Employee's related accruals	<u>17,382,222</u>	11,423,462
VAT payable	<u>176,980</u>	5,071,935
Other provisions	<u>3,801,594</u>	3,760,000
	<u><b>113,221,691</b></u>	<u>49,019,253</u>

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**21. PROVISION FOR ZAKAT**

**21.1 Movement of provision for Zakat**

The movement of provision for Zakat is as follows:

	<b>December 31, 2024</b>	December 31, 2023
At the beginning of the year	<b>6,851,110</b>	5,657,674
Charged during the year	<b>5,535,003</b>	6,772,735
Paid during the year	<b>(6,064,309)</b>	(5,594,028)
Charge for previous years	<b>47,131</b>	78,375
Over provision for previous year	<b>(833,931)</b>	(63,646)
At the end of the year	<b>5,535,004</b>	6,851,110

**21.2 Charge for the year**

	<b>December 31, 2024</b>	December 31, 2023
Current year charge	<b>5,535,003</b>	6,772,735
(Over)/ under provision for previous year	<b>(865,173)</b>	14,729
Total charge for the year	<b>4,669,830</b>	6,787,464

**21.3 Status of assessments**

The Company has submitted its Zakat returns to Zakat, Tax and Customs Authority (ZATCA) up to the year 2023 and have obtained the required certificates. During 2024, with respect to the year 2015, the Company received final order amounted to SR 78,375 from General Secretariat of Tax Committee (GSTC). The same has been paid and reimbursed by the shareholders. Further during 2024, the Company received final assessment order for the year 2023 amounted to SR 47,131 and the same has been paid.

**22. REVENUE**

**Type of goods or services and timing of revenue recognition**

	<b>December 31, 2024</b>	December 31, 2023
<i>Revenue generated at a point in time</i>		
Sale of traded goods (22.1)	<b>523,475,997</b>	459,542,086
Technical services	<b>134,050,012</b>	103,025,852
Manufacturing	<b>53,833,255</b>	20,952,601
Sales commission	<b>1,818,156</b>	4,723,103
	<b>713,177,420</b>	588,243,642
<i>Revenue generated over the time</i>		
Technical services	<b>379,857,278</b>	133,267,935
<b>Total revenue</b>	<b>1,093,034,698</b>	721,511,577

**22.1 Disaggregation of revenue**

During 2024, all revenues are generated from within the Kingdom of Saudi Arabia (2023: SR 2,591,883 exports to a single customer).

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**23. COST OF REVENUE**

	<b>December 31, 2024</b>	December 31, 2023
Cost of materials consumed	<b>425,165,444</b>	378,457,324
Sub-contracting and project material costs	<b>330,397,280</b>	121,446,704
Employees' costs	<b>119,983,315</b>	81,318,084
Depreciation and amortization	<b>9,611,979</b>	3,686,917
Others	<b>35,468,235</b>	13,472,607
	<b>920,626,253</b>	598,381,636

**24. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>December 31, 2024</b>	December 31, 2023
Employees' costs	<b>58,644,144</b>	44,522,825
Rent	<b>2,321,783</b>	2,189,006
Repairs and maintenance	<b>3,521,375</b>	2,568,160
Depreciation and amortization	<b>3,620,411</b>	2,882,346
Information technology expenses	<b>2,132,614</b>	1,772,382
Electricity and water	<b>1,263,561</b>	1,040,256
Travel	<b>4,618,723</b>	3,041,860
Professional fees	<b>1,452,887</b>	553,050
Communication	<b>942,725</b>	717,422
Insurance	<b>1,200,742</b>	731,274
Allowance for other provisions	-	3,760,000
Others	<b>9,279,652</b>	7,805,819
	<b>88,998,617</b>	71,584,400

**25. OTHER INCOME**

	<b>December 31, 2024</b>	December 31, 2023
Rent	<b>3,079,214</b>	3,102,610
Interest income on short term investments	<b>3,241,530</b>	-
Gain on disposal of property and equipment	<b>123,959</b>	152,285
Realised gain on sale of investments at FVTPL- net	-	1,175,436
Others	<b>2,447,875</b>	2,930,340
	<b>8,892,578</b>	7,360,671

**26. FINANCE COSTS**

	<b>December 31, 2024</b>	December 31, 2023
Interest on lease liabilities	<b>417,604</b>	272,503
Interest on short term loans	-	102,314
Others	<b>612,484</b>	1,443,505
	<b>1,030,088</b>	1,818,322

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**27. EARNINGS PER SHARE**

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

	<b>December 31, 2024</b>	December 31, 2023 (Restated)
Net profit after Zakat	<b>113,955,737</b>	81,469,112
Weighted average number of shares for calculation for basic earnings per share (note 27.1)	<b>157,587,812</b>	157,773,377
Weighted average number of shares - ESOP (note 16)	<b>409,276</b>	18,911
Weighted average number of shares of repurchased shares (note 16)	<b>2,912</b>	207,712
Weighted average number of shares for calculation for diluted earnings per share	<b>158,000,000</b>	158,000,000
<b>Earnings per share:</b>		
Basic	<b>0.7231</b>	0.5164
Diluted	<b>0.7212</b>	0.5156

27.1 The weighted average number of shares outstanding during the year has been adjusted due to repurchase of treasury shares (note 16).

**28. RELATED PARTY TRANSACTIONS AND BALANCES**

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

<u>Names of related parties</u>	<u>Nature of relationship</u>
Gas Gulf for Trading & Contracting Company	Shareholder
Gas Asia for Trading & Contracting Company	Shareholder
Future Cooperation Company Limited	Shareholder
Future Generation Company Limited	Shareholder
Future Prospects Company Limited	Shareholder
FS Elliot Services Company Limited	Joint venture
Elliot Gas Services Saudi Arabia Company Limited	Joint venture
FS Elliot Saudi Arabia Company Limited	Joint venture
Weidmuller Saudi Arabia Factory Company	Joint venture
TubeFit Engineering Arabian Factory LLC (note 10)	Joint venture
Yokogawa Services Saudi Arabia Company Limited	Associate
Gas Vector Saudi Arabia Company Limited	Associate
Elster Instromet Saudi Arabia Company	Associate
SGB Al-Dabal Company Limited	Affiliate
Eagle Burgmann Saudi Arabia Company Limited	Affiliate
TCR Arabia Company Limited	Affiliate
Magnetrol Gas	Affiliate
Mr. Abdulrahman Khalid Aldabal	Key management personnel
Mr. Faisal Khalid Aldabal	Key management personnel
Mr. Aref Khalid Aldabal	Key management personnel

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**28. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

Following are the significant transactions and balances with related parties:

<u>Related parties</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>	
			<b>December 31, 2024</b>	<i>December 31, 2023</i>
Elliot Gas Services Saudi Arabia Company Limited	Joint venture	Sale of goods and technical services provided	<b>323,431</b>	664,318
		Payment made on behalf of associate	<b>(15,150)</b>	-
Eagle Burgmann Saudi Arabia Company Limited	Affiliate	Sale of goods and technical services provided	-	103,101
		Purchase of goods	<b>(36,440)</b>	-
Elster Instromet Saudi Arabia Company	Associate	Sale of goods and technical services provided	<b>2,691,817</b>	1,119,099
		Rental income	<b>1,687,500</b>	1,689,750
		Purchase of goods	<b>(465,147)</b>	(2,865,059)
FS Elliot Saudi Arabia Company Limited	Joint venture	Rental income	<b>478,125</b>	479,400
		Technical services provided	<b>90,000</b>	90,000
Yokogawa Services Saudi Arabia Company Limited	Associate	Sale of goods and technical services provided	-	75,484
		Purchase of goods	<b>(5,448,496)</b>	(1,823,649)
		Technical services received	<b>628,799</b>	606,358
FS Elliot Services Company Limited	Joint venture	Rental income	<b>239,063</b>	239,700
		Sale of goods and technical services provided	<b>106,088</b>	91,537
		Purchase of goods & Services	-	(146,270)
Gas Vector Saudi Arabia Company Limited	Associate	Sale of goods and technical services provided	<b>252,311</b>	925,601
		Payment made on behalf of associate	<b>2,721,804</b>	-
		Purchase of goods	<b>(704,000)</b>	(345,943)
Weidmuller Saudi Arabia Factory Company	Joint venture	Rent Income	<b>18,514</b>	-
		Purchase of goods and services	<b>(755,056)</b>	(881,422)
		Sale of goods and services	<b>4,692,430</b>	386,734
TCR Arabia Company Limited	Affiliate	Rental income	<b>655,824</b>	655,824
		Payment made on behalf of associate	<b>131,016</b>	105,243
		Purchase of goods & Services	<b>(322,923)</b>	(202,110)
SGB Al-Dabal Company Limited	Affiliate	Purchase of goods and services	<b>(9,791,935)</b>	(1,219,945)
TubeFit Engineering Arabian Factory LLC	Joint venture	Investment	<b>2,350,000</b>	-

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**28. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

<i>Related parties</i>	<i>Relationship</i>	<i>Nature of transactions</i>	<i>Amount of transactions</i>	
			<i>December 31, 2024</i>	<i>December 31, 2023</i>
Mr. Aref Khalid Aldabal	Key management personnel	Rent payment	<b>(487,500)</b>	(487,500)
Mr. Abdulrahman Khalid Aldabal	Key management personnel	Rent payment	<b>(552,500)</b>	(386,991)
Mr. Khalid Abdulrahman Aldabal & Ms. Hind Abdulrahman Aldabal	Key management personnel	Rent payment	<b>(351,525)</b>	(351,525)
Ms. Nora Abdulrahman Albabal & Ms. Kholoud Abdulrahman Aldabal	Key management personnel	Rent payment	<b>(45,000)</b>	(45,000)
Khalid Abdulrahman Khalid Aldabal	Key management personnel	Rent payment	<b>(202,500)</b>	(162,918)

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

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

	<b>December 31, 2024</b>	December 31, 2023
Short-term employee benefits	<b>8,655,704</b>	7,284,007
Employees end of service benefits	<b>2,086,818</b>	2,093,331
Total compensation	<b>10,742,522</b>	9,377,338

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

**28.1 Trade receivables (note 12):**

	<b>December 31, 2024</b>	December 31, 2023
Weidmuller Saudi Arabia Factory Company	<b>2,500,193</b>	272,120
Elster Instromet Saudi Arabia Company Limited	<b>1,251,664</b>	148,985
TCR Arabia Company Limited	<b>196,102</b>	341,904
Yokogawa Services Saudi Arabia Company Limited	<b>102,626</b>	140,664
Gas Vector Saudi Arabia Company Limited	<b>30,863</b>	314,865
FS Elliot Services Company Limited	-	1,768
Eagle Burgmann Saudi Arabia Company Limited	-	118,566
	<b>4,081,448</b>	1,338,872

**28.2 Prepayments and other receivables (note 13):**

	<b>December 31, 2024</b>	December 31, 2023
Elster Instromet Saudi Arabia Company Limited	<b>2,240,000</b>	2,240,000
FS Elliot Saudi Arabia Company Limited	<b>1,660,704</b>	1,286,882
FS Elliot Services Company Limited	<b>411,122</b>	411,125
TCR Arabia Company Limited	<b>99,262</b>	307,994
Magnetrol Gas	<b>65,925</b>	65,925
Weidmuller Saudi Arabia Factory Company	-	471,173
TubeFit Engineering Arabian Factory LLC	-	12,000
	<b>4,477,013</b>	4,795,099
Less: Allowance for due from a related party	<b>(2,240,000)</b>	(2,240,000)
	<b>2,237,013</b>	2,555,099

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**28. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

**28.3 Accounts payable (note 19):**

	December 31, 2024	December 31, 2023
Yokogawa Services Saudi Arabia Company Limited	2,277,938	887,071
Wedmular Company Limited	451,914	189,839
SGB Al-Dabal Company Limited	444,841	76,352
Gas Vector Saudi Arabia Company Limited	146,972	12,613
TCR Arabia Company Limited	45,675	13,636
First Insurance & Reinsurance Broker Company	24,627	12,757
Eagle Burgmann Saudi Arabia Company Limited	-	735
FS Elliot Services Company Limited	-	108,123
	<b>3,391,967</b>	<b>1,301,126</b>

**29. SEGMENT INFORMATION**

**Operating segments**

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

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

All of the Company's operations are located in the Kingdom of Saudi Arabia. The selected information for each operating segment for the year ended December 31, 2024 and December 31, 2023 are as follows:

For the year ended December 31, 2024	Technical services	Trading and commission	Manufacturing	Unallocated	Total
Revenue	513,907,289	525,294,153	53,833,256	-	1,093,034,698
Cost of revenue	(439,771,660)	(440,514,395)	(40,340,198)	-	(920,626,253)
Gross profit	74,135,629	84,779,758	13,493,058	-	172,408,445
General and administrative expenses	-	-	-	(88,998,617)	(88,998,617)
Allowance for expected credit losses	-	-	-	(574,157)	(574,157)
Other income	-	-	-	8,892,578	8,892,578
Finance costs	-	-	-	(1,030,088)	(1,030,088)
Share in results of associates and joint ventures	-	-	-	27,927,406	27,927,406
Profit before Zakat	-	-	-	-	118,625,567
Total assets	65,486,286	135,102,168	7,789,633	629,948,326	838,326,413
Total liabilities	-	-	-	433,862,372	433,862,372

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**29. SEGMENT INFORMATION (CONTINUED)**

For the year ended December 31, 2023	Technical services	Trading and commission	Manufacturing	Unallocated	Total
Revenue	236,293,788	464,265,188	20,952,601	-	721,511,577
Cost of revenue	(187,549,374)	(392,380,101)	(18,452,161)	-	(598,381,636)
Gross profit	48,744,414	71,885,087	2,500,440	-	123,129,941
General and administrative expenses	-	-	-	(71,584,400)	(71,584,400)
Reversal for expected credit losses	-	-	-	(6,433,837)	(6,433,837)
Other income	-	-	-	7,360,671	7,360,671
Finance costs	-	-	-	(1,818,322)	(1,818,322)
Share in results of associates and joint ventures	-	-	-	37,602,523	37,602,523
Profit before Zakat	-	-	-	88,256,576	88,256,576
Total assets	60,731,723	93,318,933	7,854,168	424,505,390	586,410,214
Total liabilities	-	-	-	225,719,989	225,719,989

**30. FINANCIAL INSTRUMENTS BY CATEGORY**

	December 31, 2024		
	Total	At amortized cost	at FVTPL
<i>Financial assets</i>			
Trade receivables and contract assets	285,913,358	285,913,358	-
Prepayment and other receivables	27,119,078	27,119,078	-
Cash and cash equivalents	172,692,148	172,692,148	-
<b>Total</b>	<b>485,724,584</b>	<b>485,724,584</b>	<b>-</b>
<i>Financial liabilities</i>			
Accounts payables	189,841,770	189,841,770	-
Accrued and other liabilities	113,044,711	113,044,711	-
Contract liabilities	74,643,243	74,643,243	-
Lease liabilities	5,245,665	5,245,665	-
<b>Total</b>	<b>382,775,389</b>	<b>382,775,389</b>	<b>-</b>

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**30. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)**

	December 31, 2023		
	Total	At amortised cost	at FVTPL
<i>Financial assets</i>			
Trade receivables and contract assets	149,927,622	149,927,622	-
Prepayment and other receivables	20,613,691	20,613,691	-
Cash and cash equivalents	91,059,388	91,059,388	-
<b>Total</b>	<b>243,542,109</b>	<b>243,542,109</b>	<b>-</b>
<i>Financial liabilities</i>			
Accounts payables	96,709,699	96,709,699	-
Accrued and other liabilities	43,947,318	43,947,318	-
Contract liabilities	30,273,448	30,273,448	-
Lease liabilities	3,615,822	3,615,822	-
<b>Total</b>	<b>174,546,287</b>	<b>174,546,287</b>	<b>-</b>

The Company's exposure to various risks associated with the financial instruments is discussed in Note 32. The maximum exposure to credit risk at the end of the reporting year is the carrying amount of each class of financial assets mentioned above.

The Company's principal financial liabilities comprise payables, contract liabilities and accruals. The main purpose of these financial liabilities is for the Company's operations. The Company's principal financial assets include cash at banks, short term investments and trade receivables and contract assets.

**31. FINANCIAL RISK MANAGEMENT POLICIES**

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

**31.1 Credit risk**

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

The Company is exposed to credit risk on its bank balances, short term investments and trade receivable and contract assets as follows:

	<b>December 31, 2024</b>	December 31, 2023
<b>Financial assets</b>		
Cash and cash equivalents	<b>172,692,148</b>	91,059,388
Trade receivables and contract assets	<b>285,913,358</b>	186,576,454
Prepayments and other receivables – retention receivable	<b>24,570,169</b>	18,058,592
	<b>483,175,675</b>	295,694,434

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**31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**

**31.1 Credit risk (Continued)**

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

Credit risk on bank balances, short term investments, trade receivables and contract assets and retention receivable are limited as cash balances and short term investments (time deposits) are held with banks with sound credit ratings and the trade receivables and contract assets and retention receivable are shown net of allowance for expected credit losses.

The Company manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. Before accepting any new credit customer, the Company has its own credit policy to assess the potential customer's credit quality and defines the credit limits for the new customer. These policies are reviewed and updated regularly. Moreover, the Company seeks to manage its credit risk by monitoring outstanding receivables on an ongoing basis. Further, a good portion of trade receivables and contract assets and retention receivable are from Government which have good credit rating.

**31.1.1 Liquidity risk**

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

<b>December 31, 2024</b>	<b>Within one year</b>	<b>2-5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Accounts payables	189,841,770	-	-	189,841,770
Accrued and other liabilities	113,044,711	-	-	113,044,711
Contract liabilities	74,643,243	-	-	74,643,243
Lease liabilities	2,269,487	3,433,974	675,000	6,378,461
	<b>379,799,211</b>	<b>3,433,974</b>	<b>675,000</b>	<b>383,908,185</b>

  

<b>December 31, 2023</b>	<b>Within one year</b>	<b>2-5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Accounts payables	96,709,699	-	-	96,709,699
Accrued and other liabilities	49,019,253	-	-	49,019,253
Contract liabilities	30,273,448	-	-	30,273,448
Lease liabilities	1,248,581	2,846,783	-	4,095,364
	<b>177,250,981</b>	<b>2,846,783</b>	<b>-</b>	<b>180,097,764</b>

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

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

**i. Market risk**

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

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Management believes that Company's exposure to price risk is limited because the amounts of the underlying balances and transactions are marginal.

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**31. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**

**ii. Interest rate risk**

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows.

**iii. Foreign currency risk**

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

**31.1.2 Measurement of fair value**

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

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

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

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred (in case there are equity investments), currently the Company has no investments in equity securities. As of December 31, 2024, the carrying amount of financial assets and financial liabilities of the Company approximate their fair value.

**31.1.3 Capital management**

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

**31.1.4 Changes in liabilities arising from financing activities are as follows:**

	As at January 01, 2024	Movement during the year	Interest during the year	Cash outflows	As at December 31, 2024
Lease liability	3,615,822	3,967,895	417,604	(2,755,656)	5,245,665
	3,615,822	3,967,895	417,604	(2,755,656)	5,245,665
	As at January 01, 2023	Movement during the year	Interest during the year	Cash outflows	As at December 31, 2023
Short term loans	-	3,500,000	102,314	(3,602,314)	-
Lease liability	1,027,265	3,845,885	272,503	(1,529,831)	3,615,822
	1,027,265	7,345,885	374,817	(5,132,145)	3,615,822

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**32. DIVIDENDS PAID**

During the year December 31, 2024, the shareholders approved the dividend amounted to SR 70.91 million and it was also paid to the shareholders (December 31, 2023: SR 35.55 million).

**33. CONTINGENCIES AND COMMITMENTS**

As at December 31, 2024, the Company has issued outstanding letters of guarantee amounting to SR 374.8 million (December 31, 2023: SR 147 million) and letters of credit amounting to SR nil (December 31, 2023: SR 6.8 million) issued by the local banks on behalf of Company in the ordinary course of business. Further, the Company has Capital commitments amounting to SR 9.2 million (December 31, 2023: SR 9.6 million) on account of construction of Company's new office building.

**34. COMPARATIVE FIGURES**

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

- The employee costs amounted to SR 11,621,719, which were previously under general and administrative expenses in the statement of profit or loss and other comprehensive income, are now included in the cost of revenue.
- Contract liabilities (advances from customers) amounted to SR 30,273,448 previously presented under accrued and other liabilities is now presented as a separate line item in the statement of financial position.

**35. SUBSEQUENT EVENTS**

On March 04, 2025, the Board of Directors has recommended a dividend of SR 36,244,587 to the Extraordinary General Assembly of the Company.

**36. AUTHORIZATION TO ISSUE FINANCIAL STATEMENTS**

These financial statements have been authorized to issue by the Board of Directors of the Company on March 04, 2025 G.