

**SALEH ABDULAZIZ AL RASHED AND
SONS COMPANY
(A Saudi Joint Stock Company)**

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
31 DECEMBER 2023**

**SALEH ABDULAZIZ AL RASHED AND SONS COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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

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**Independent auditor’s report on the consolidated financial statements
To the shareholders of Saleh Abdulaziz Al Rashed and Sons Company
(A Saudi Joint Stock Company)**

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Opinion

We have audited the consolidated financial statements of Saleh Abdulaziz Al Rashed and Sons Company (a Saudi joint stock company) (“the Company”) and its subsidiary (“the Group”), which include the consolidated statement of financial position as of 31 December 2023, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, which include a summary of material accounting policies.

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are set out in detail in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent from the Group in accordance with the International Code of Conduct and Ethics for Professional Accountants (including International Independence Standards) adopted in the Kingdom of Saudi Arabia that is relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those consolidated statements on 17 Shaban 1444H (corresponding to 9 March 2023).

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies’ Regulations and Company’s By-laws, and for such internal controls as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The board of directors, is responsible for overseeing the Group’s financial reporting process.

The auditor responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that and audit conducted in accordance with International Standards of Auditing that are endorsed in the kingdom of Saudi Arabia will always detect 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 consolidated financial statements.

**Independent auditor's report on the consolidated financial statements
To the shareholders Saleh Abdulaziz Al Rashed and Sons Company
(A Saudi Joint Stock Company)**

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The auditor responsibilities for the audit of the consolidated financial statements (continued)


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

- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management use of the going concern basis of accounting and based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content to the consolidated financial statements, including the disclosure, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and auditing the group's accounts. We remain solely responsible for our audit opinion.

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

For Maham Company for Professional Services


Abdulaziz Saud Al Shabeebi
Certified Public Accountant
License no. (339)



28 Shawwal 1445H
7 May 2024

SALEH ABDULAZIZ AL RASHED AND SONS COMPANY
(A Saudi Joint Stock Company)

Consolidated Statement of Financial Position
As at 31 December 2023

	Note	2023 SR	2022 SR
Assets			
Non-current assets			
Property, plant and equipment	6	193,425,779	128,498,469
Right of use assets	7	6,473,941	-
Total non-current assets		199,899,720	128,498,469
Current assets			
Inventory	8	122,230,132	82,584,186
Investments in financial assets held at fair value through profit or loss	9	5,341,324	2,843,432
Trade receivables	10	46,259,552	37,454,501
Prepayments and other current assets	11	22,942,781	42,349,491
Amounts due from related parties	12	20,470,656	36,486,081
Cash and cash equivalents	13	11,550,030	18,339,140
Total current assets		228,794,475	220,056,831
Total assets		428,694,195	348,555,300
Equity and liabilities			
Equity			
Share capital	14	186,000,000	500,000
Additional capital	15	-	185,500,000
Reserve	16	150,000	150,000
Retained earnings		121,740,560	73,024,657
Total equity		307,890,560	259,174,657
Liabilities			
Non-current liabilities			
Lease liabilities – non-current portion	7	3,495,431	-
Employees defined benefits liabilities	17	8,214,327	9,381,546
Total non-current liabilities		11,709,758	9,381,546
Current liabilities			
Trade payables		40,196,713	29,633,185
Amounts due to related parties	12	399,500	4,058,082
Accrued expenses and other current liabilities	18	25,627,201	44,317,796
Short-term loans	19	35,824,000	-
Leases liabilities - current portion	7	2,928,463	-
Zakat provision	20	4,118,000	1,990,034
Total current liabilities		109,093,877	79,999,097
Total liabilities		120,803,635	89,380,643
Total equity and liabilities		428,694,195	348,555,300

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.

SALEH ABDULAZIZ AL RASHED AND SONS COMPANY
(A Saudi Joint Stock Company)

Consolidated Statement of Profit and Loss and Other Comprehensive Income
For the year ended 31 December 2023

	Note	2023 SR	2022 SR
Revenue	21	498,692,692	429,460,881
Cost of revenue	22	(401,343,696)	(310,045,582)
Gross profit		<u>97,348,996</u>	<u>119,415,299</u>
Expenses			
General and administrative expenses	23	(40,732,661)	(45,112,324)
Selling and marketing expenses	24	(2,240,253)	(2,912,091)
Profit from operations		<u>54,376,082</u>	<u>71,390,884</u>
Financial charges	25	(2,669,206)	(337,584)
Other (loss) income, net	26	(558,316)	898,920
Profit before Zakat		<u>51,148,560</u>	<u>71,952,220</u>
Zakat	20	(4,090,314)	(1,964,926)
Net profit for the year		<u>47,058,246</u>	<u>69,987,294</u>
Other comprehensive income:			
Item that will not subsequently be reclassified to the statement of income:			
Gains on remeasurement of Employees defined benefits liabilities	17	1,657,657	2,262,410
Total comprehensive income for the year		<u>48,715,903</u>	<u>72,249,704</u>

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements

SALEH ABDULAZIZ AL RASHED AND SONS COMPANY
(A Saudi Joint Stock Company)

Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

	Share capital SR	Additional Capital SR	Reserve SR	Retained earnings SR	Total SR
Balance as at 1 January 2022	500,000	-	150,000	113,678,378	114,328,378
Net profit for the year	-	-	-	69,987,294	69,987,294
Other comprehensive income	-	-	-	2,262,410	2,262,410
Total comprehensive income for the year	-	-	-	72,249,704	72,249,704
Transferred from amounts due to related parties to additional capital (note 12)	-	92,792,408	-	-	92,792,408
Transferred from retained earnings to additional capital	-	92,707,592	-	(92,707,592)	-
Dividends (note 32)	-	-	-	(20,195,833)	(20,195,833)
As at 31 December 2022	500,000	185,500,000	150,000	73,024,657	259,174,657
As at 1 January 2023	500,000	185,500,000	150,000	73,024,657	259,174,657
Net profit for the year	-	-	-	47,058,246	47,058,246
Other comprehensive income	-	-	-	1,657,657	1,657,657
Total comprehensive income for the year	-	-	-	48,715,903	48,715,903
Capital increase (note 14)	185,500,000	(185,500,000)	-	-	-
As at December 2023	186,000,000	-	150,000	121,740,560	307,890,560

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.

SALEH ABDULAZIZ AL RASHED AND SONS COMPANY
(A Saudi Joint Stock Company)

Consolidated Statement of Cash flows
For the year ended 31 December 2023

	Note	2023 SR	2022 SR
OPERATING ACTIVITIES			
Profit before Zakat		51,148,560	71,952,220
Adjustments for:			
Depreciation of property, plant, and equipment	6	36,377,342	21,110,680
Amortization of a right-of-use asset	7	1,270,868	
Provision for employee defined benefit liabilities	17	2,387,876	3,016,346
Financial charges from lease liabilities	7	302,714	-
Expected credit loss expense - trade receivables	10	4,581,881	1,456,025
Allowance for slow moving goods	8	247,923	-
Loss on revaluation of investments in financial instruments carried at fair value through profit or loss	9	1,388,976	438,942
Gains on disposal of property, plant and equipment	26	(609,553)	(228,596)
		<u>97,096,587</u>	<u>97,745,617</u>
Changes in operating assets and liabilities:			
Trade receivables		(13,386,932)	(9,392,117)
Prepayments and other current assets inventory		22,749,660	(18,838,820)
		(46,090,345)	(17,020,607)
Trade payable		10,563,528	10,184,624
Amounts from/to related party		8,613,393	(14,101,455)
Accrued and other current liabilities		(18,699,095)	11,975,661
Cash from operation		<u>60,846,796</u>	<u>60,552,903</u>
Zakat paid	20	(1,966,391)	(590,888)
Employees defined benefits liabilities paid to employees	17	(1,897,438)	(2,035,250)
Net cash from operating activities		<u>56,982,967</u>	<u>57,926,765</u>
INVESTING ACTIVITIES			
Additions to property, plant, and equipment	6	(100,726,715)	(80,066,103)
Proceeds from disposal of property, plant and equipment		6,228,092	1,329,774
Additions to investments in financial instruments held at fair value through profit or loss	9	(5,512,600)	(3,282,374)
Proceeds from the sale of investments in financial instruments held at fair value through profit or loss		1,625,732	-
Cash arising from the acquisition of a subsidiary, net of the consideration paid	28	413,043	-
Net cash used in investing activities		<u>(97,972,448)</u>	<u>(82,018,703)</u>
FINANCING ACTIVITIES			
Payment of lease liabilities	7	(1,623,629)	-
Term loan - proceeds	19	51,760,091	-
Term loan- paid	19	(15,936,091)	(6,500,000)
Net cash from (used in) financing activities		<u>34,200,371</u>	<u>(6,500,000)</u>

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.

SALEH ABDULAZIZ AL RASHED AND SONS COMPANY
(A Saudi Joint Stock Company)

Consolidated Statement of Cash Flows (continued)
For the year ended 31 December 2023

	Note	2023 SR	2022 SR
Net decrease in cash and cash equivalents		(6,789,110)	(30,591,938)
Cash and cash equivalent at the beginning of the year		<u>18,339,140</u>	<u>48,931,078</u>
Cash and cash equivalents at the end of the year		<u>11,550,030</u>	<u>18,339,140</u>
Significant non-cash transactions			
Transferred from inventory to property, plant and equipment	6	6,196,476	-
Additions to right of use and lease liabilities	7	7,744,809	-
Transferred from amounts due to related parties to additional capital	12	-	92,707,592
Transferred from property, plant and equipment to inventory	6	-	<u>5,091,952</u>

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Saleh Abdulaziz Al Rashed and Sons Company (“the Company”) is a closed joint stock company established in accordance with the Companies regulations and registered in the Kingdom of Saudi Arabia under Commercial registration No. 1010008417 on 12 Rajab 1395H corresponding to 22 July 1975.

The registered address of the company is Al-Aziziya District - Riyadh - Kingdom of Saudi Arabia, P.O. Box: 4293, Riyadh 11491.

The Company engages in importing, exporting, wholesale and retail trade of crushers, crusher spare parts, building materials, and graded gravel. Additionally, it purchases lands for constructing buildings, sells or rents those buildings, manages and maintains properties, and invests in real estate.

On 29 Jumada II 1444 AH, corresponding to 22 January 2023, the Company underwent a conversion from a limited liability company to a closed joint stock company. Despite this change, it retained the same commercial registration number and maintained its existing financial year. Additionally, the Company increased its capital to 186 million Saudi riyals, corresponding to 18,600,000 shares, with each share valued at 10 Saudi riyals.

The Company carries out its activities through the following branches:

Branch	Commercial registration No	Date	city
Saleh Abdulaziz Al Rashed and Sons Company	1010440978	08/04/1437 AH	Riyadh
Saleh Abdulaziz Al Rashed and Sons Company	1120100785	06/11/1440 AH	Rumah
Branch of Saleh Abdulaziz Al-Rashed and Sons Company	2031105350	27/06/1442 AH	Hasa
Saleh Abdulaziz Al Rashed and Sons Company	1010624636	05/06/1441 AH	Riyadh
Saleh Abdulaziz Al Rashed and Sons Company	1110000810	22/01/1435 AH	Dharma
Saleh Abdulaziz Al Rashed and Sons Company	1010829013	29/02/1444 AH	Riyadh
Saleh Abdulaziz Al Rashed and Sons Company	1011149858	14/10/1443 AH	Al-Kharj
Saleh Abdulaziz Al Rashed and Sons Company	1010773510	15/06/1443 AH	Riyadh
Saleh Abdulaziz Al Rashed and Sons Company	4651103758	28/03/1444 AH	Al-Ula
Saleh Abdulaziz Al Rashed and Sons Company	4030417830	27/10/1442 AH	Jeddah
Saleh Abdulaziz Al Rashed and Sons Company	1120001936	12/02/1437 AH	Rumah
Environmental Exports Company for Maintenance	1010440977	08/04/1437 AH	Riyadh
Saleh Abdulaziz Al Rashed and Sons Company	4030246026	25/06/1434 AH	Jeddah
Saleh Abdulaziz Al Rashed and Sons Company	5900120939	06/04/1441 AH	Jizan
Saleh Abdulaziz Al Rashed and Sons Company	3550126764	25/05/1444 AH	Tabuk
Saleh Abdulaziz Al Rashed and Sons Trading Company	5855032113	12/04/1430 AH	Khamis Mushait
Branch of Saleh Abdulaziz Al-Rashed and Sons Company	4650227710	27/06/1442 AH	AL Madinah
Saleh Abdulaziz Al Rashed and Sons Company	3554102049	07/08/1444 AH	Tayma
Saleh Abdulaziz Al Rashed and Sons Company	1011153066	03/11/1444 AH	Al-Kharj

The following is the details of the subsidiary included in these consolidated financial statements:

Company	Place of incorporation	Direct and effective ownership percentage	
		2023	2022
Quality Rocks Mining Company (one person company)	Riyadh	100%	-

On April 3, 2023, the Company acquired 100% of the voting shares of Quality Rocks Mining Company, a specialized entity operating quarries, sand or gravel mines, crushers, and land transportation of goods.

2 BASIS OF PREPARATION

2-1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) that are endorsed in the Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to as “IFRSs as endorsed in KSA”). These are the first consolidated financial statements prepared by the Company in accordance with the basis of consolidation mentioned in (note 3).

2-2 Basis of measurement

These consolidated financial statements have been prepared using the historical cost principle. However, certain assets are listed at fair value through profit or loss, and employee benefit liabilities are recognized based on the present value of future obligations using the projected unit credit method.

2-3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals (SR), which is the Group’s functional and presentation currency.

2-4 New and amended standards and interpretations

The Group has applied for the first time the following standards and amendments, which are effective for periods beginning on or before 1 January 2023 and which have no impact on the Group’s financial statements:

- IFRS 17, “Insurance Contracts”, as amended in December 2021.
- Amendment to IAS 8, Definition of Accounting Estimate.
- Amendment to IAS 1, Statement of Practice 2.
- Amendment to IAS 12 – Deferred tax relating to assets and liabilities arising from a single transaction.
- Amendment to International Accounting Standard 12 – International Tax Reform – Unit Two Rules.

2-5 Standards issued but not yet effective

The International Accounting Standards Board has issued the following accounting standards and amendments, which are applicable to annual periods beginning after 2023. The Group has elected not to early adopt these standards and pronouncements and they are not expected to have a material impact on the Group's consolidated financial statements.

- Amendments to International Accounting Standard No. (1) - Classification of liabilities into current and non-current.
- Amendments to IFRS 16 Lease liabilities in sale and leaseback contracts.
- Disclosures: Supplier Financing Arrangements - Amendments to IAS 7 and IFRS 7.
- Non-interchangeability – Amendments to IAS 21.
- Sale or contribution of assets between the investor and the associate or joint venture - amendments to IFRS 10 and IAS 28.

3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary (collectively referred to as the “Group”) as at 31 December 2023. Control is achieved when the Group is exposed to risks, or has rights to obtain variable returns, from its relationship with the investee, and has the ability to influence returns by exercising its power over the investee. In particular, the Group controls an investee only when the Group has:

- Control over the investee Company (i.e. the existence of rights to grant the group the current ability to direct the activities related to the investee Company),
- Being exposed to risks, or having rights to obtain variable returns through its relationship with the investee Company,
- The ability to use its power over the investee Company to influence its returns.

In general, there is an assumption that a majority of voting rights results in control. In support of this assumption, when the Group has less than a majority of voting rights or similar rights in an investee, the Group considers all relevant facts and circumstances when determining whether it exercises control over an investee, including:

- Contractual arrangements with the voting rights holders of others in the investee group,
- Rights arising from other contractual arrangements.
- The group's voting rights and potential voting rights.

The Group conducts a reassessment to confirm whether or not it exercises control over the investee Company when facts and circumstances indicate that there is a change in one or more of the three elements of control. Consolidation of a subsidiary begins when the Group gains control over the subsidiary and ceases when the Group ceases to exercise such control.

The assets, liabilities, income and expenses of the subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date on which control is transferred to the Group until such control ceases.

The profit or loss and each item of other comprehensive income relates to the shareholders of the parent Company of the group and the non-controlling interests of shareholders, even if this results in the balance of the non-controlling shareholders' interests turning into a deficit. When necessary, amendments are made to the consolidated financial statements of subsidiaries so that their accounting policies are consistent with those followed by the Group. All interconnected assets and liabilities, as well as ownership rights, revenues, expenses and cash flows related to transactions between group companies, are completely eliminated when consolidating the consolidated financial statements.

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

- Derecognizing the assets (including goodwill) and liabilities of the subsidiary
- Derecognizing the book value of any non-controlling interest
- Recognizing the fair value of the compensation received
- Recognizing the fair value of any investment held
- Recognizing any surplus or deficit in profit or loss

Reclassifying shareholders' share of items previously recognized in the statement of other comprehensive income to profit or loss or retained earnings, as appropriate, and as required in the event that the Group disposes of the directly related assets or liabilities.

4 SIGNIFICANT ASSUMPTIONS, ESTIMATES, AND JUDGMENTS

Estimates and judgments are evaluated on an ongoing basis; They are based on historical experience and other factors, including future expectations.

The main sources of uncertainty regarding accounting estimates

The Group makes estimates and assumptions regarding the future; The resulting accounting estimates rarely equal the relevant actual results. The following are estimates and assumptions that involve significant risks, which may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial period:

Determining the lease term of contracts with renewal option

The Group defines the lease term as the non-cancelable term of the lease, plus any periods covered by the option to extend the lease if it is certain that it will be exercised, or any periods covered by the option to terminate the lease if it is certain that it will not be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group 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 or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The useful lives of property and equipment

The Group's management determines the estimated useful lives of its property and equipment for the purpose of calculating depreciation. These estimates are determined after considering the expected use or physical depreciation of the assets. Management reviews the residual value and useful lives as necessary, and adjusts future depreciation charges when management believes the useful lives differ from previous estimates.

Allowance for expected credit losses on trade receivables

The Group uses a provision matrix to calculate expected credit losses on trade receivables. Provision ratios are determined based on days past due for different groups of customer segments with similar loss patterns (i.e. in terms of geographic region, product type, customer type, price, coverage by letters of credit and other forms of credit guarantee).

The provision matrix is originally determined based on observed historical default rates. The Group will calibrate the matrix to adjust past credit losses with future information. For example, if economic conditions (i.e. GDP) are expected to deteriorate over the coming year which could lead to an increased number of defaults in a particular sector, historical default rates are adjusted. At the date of preparing each consolidated financial statements, the historical observed default rates are updated and an analysis of changes in future estimates is performed. Evaluating the interrelationship between observed historical default rates, expected economic conditions, and expected credit losses represents an important estimate. The amount of expected credit losses is affected by changes in expected economic conditions and circumstances. Also, the Group's past credit losses and expected economic conditions may not be an indication of the customer's actual default in the future.

Impairment of non-financial assets

Impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of fair value less costs to sell and present value. The fair value less costs to sell calculation is based on available data for binding, arm's length sales of similar assets or observable market prices less incremental costs to sell the asset. The present value is calculated based on the discounted cash flow method.

4 SIGNIFICANT ASSUMPTIONS, ESTIMATES, AND JUDGMENTS (Continued)

Employee end-of-services benefits

the present value of employee defined benefits depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net end-of-service cost (income) include the discount rate. Knowing that any changes in these assumptions will affect the carrying value of employee defined benefits.

The Group determines the appropriate discount rate at the end of each year; It is the interest rate used to determine the fair value of expected future cash flows that are expected to be necessary to repay liabilities.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgements and estimates of the outcome of future events.

Impairment of inventory

Inventories are stated at cost or market value, whichever is lower. When inventory becomes old or obsolete, an estimate of its market value is made. For each individually significant amount, this estimate is performed on an individual basis. For amounts that are not individually significant but are considered old or obsolete, they are estimated collectively and a provision is made for slow-moving inventory depending on the type of inventory and its age or degree of obsolescence based on historical selling prices.

Going concern

These consolidated financial statements have been prepared on a going concern basis. The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has sufficient resources to continue in business for the foreseeable future. Furthermore, management is not aware of a material uncertainty that may cast doubt on the Group's ability to continue as a going concern.

5 Material accounting policies

The following is a statement of the accounting policies applied in preparing these consolidated financial statements:

Classification of assets and liabilities as current and non-current

The Group presents assets and liabilities in the statement of financial position based on their classification as current or non-current. Assets are considered current when:

- a) it expects to realize the asset, or intends to sell or consume it, in the Group's normal operating cycle;
- b) it holds the asset primarily for the purpose of trading;
- c) it expects to realize the asset within twelve months after the reporting date; or
- d) the asset is cash or a cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. For the twelve months subsequent to the disclosed financial period.

The Group classifies all other assets as non-current assets. When a Group's normal operating business cycle is not clearly defined, its duration is assumed to be twelve months.

The Group classifies liabilities as current when:

- a) it expects to settle the liability in the entity's normal operating cycle;
- b) it holds the liability primarily for the purpose of trading;
- c) the liability is due to be settled within twelve months after the reporting date; or
- d) the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting date. Less than twelve months subsequent to the disclosed financial period.

The Group classifies all other liabilities as non-current liabilities.

5 Material accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand. These balances are subject to an insignificant risk of changes in value.

Inventory

Inventory is initially measured at cost, which includes purchase costs, conversion costs and other costs incurred in bringing the inventory to its current location and condition. The Group relies on the weighted average cost method when measuring inventory, and pursuant to the weighted average cost formula, the cost of each item is determined according to the weighted average cost of similar items at the beginning of a certain period and the cost of similar items purchased during the year. Subsequently, inventories are measured at cost or net realizable value, whichever is lower.

Impairment

At each reporting date, an evaluation is conducted to ensure that there is a impairment in the value of the inventory. If there is an impairment of inventory, the carrying value is reduced to the selling price less costs of completion and selling. An impairment loss is recognized directly in profit or loss in the consolidated statement of profit and loss and other comprehensive income

Financial instruments

Financial assets, that are not classified upon initial recognition and subsequently measured at amortized cost, are classified as fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets upon initial recognition depends on the cash flow characteristics of the financial asset and the Group's business model for managing it.

Initial recognition and measurement

Financial assets and financial liabilities are originally measured at fair value. Upon initial recognition, transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities are added or deducted from the fair value of the financial assets and financial liabilities, as appropriate. Transaction costs directly attributable to the acquisition of financial assets held at fair value through profit or loss are recognized directly in the consolidated statement of profit and loss and other comprehensive income.

Financial assets

Subsequent recognition of financial assets

The Group has the following financial assets:

Financial assets at amortized cost:

This category includes trade receivables and amounts due from related parties. Financial assets are measured at amortized cost if the following two conditions are met and they are not carried at fair value through profit or loss:

- Acquisition of a financial asset within the business model with the aim of acquiring financial assets to collect contractual cash flows, and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of the principal amount and interest on the principal amount outstanding.

Financial assets carried at amortized cost are subsequently measured using the effective commission rate method and are subject to impairment. Gains and losses are recognized in profit and loss in the statement of profit and loss and other comprehensive income when the asset is derecognized, modified or impaired.

5 Material accounting policies (continued)

Financial instruments (continued)

Reclassifications

Financial assets are not reclassified after their initial recognition, except for the period after the Group changes its business model for managing financial assets.

Impairment of financial assets

The Group applies the simplified approach set out in IFRS 9 to measure lifetime expected credit losses on trade receivables. Expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit losses, adjusted for forward-looking factors specific to the debtors and the economic environment. And evaluating both current and expected market trends at the date of preparing the consolidated financial statements, including the time value of money if appropriate.

Derecognition financial assets

The Group derecognizes financial assets only when the rights to receive cash flows from the assets expire or the Group transfers the financial assets and all risks and rewards associated with the owner of the assets to another party. In cases where the Group does not transfer or retain all of the risks and rewards associated with the owner or where control of the asset is not transferred, the Group recognizes the remaining interest in the asset and the related liability at the amount it is required to pay. If the Group retains all the risks and rewards associated with the owner of the transferred financial asset, the Group continues to recognize the financial asset.

When a financial asset measured at amortized cost is derecognized, the difference between the carrying amount of the asset and the amount of consideration received or receivable is recognized in the consolidated statement of profit and loss and other comprehensive income. Conversely, when an equity investment that the Group chose to measure at initial recognition at fair value through other comprehensive income is no longer recognized, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to the consolidated statement of profit and loss and other comprehensive income, but is transferred to retained earnings.

Financial liabilities

The Group classifies its financial liabilities as financial liabilities measured at amortized cost or at fair value through profit or loss. Financial liabilities are classified as FVTPL if they are classified as financial liabilities held for trading purposes or as derivatives or are designated as such on initial recognition.

The Group's financial liabilities include trade payables, other current liabilities, lease liabilities and loans.

Subsequent confirmation of financial liabilities

All of the Group's financial liabilities are subsequently measured at amortized cost.

Derecognition financial liabilities

Financial liabilities are derecognized when the liabilities under the liabilities is discharged, cancelled or expires. When an existing financial liability is replaced by another by the same lender on significantly different terms or the terms of existing liabilities are substantially modified, this change or modification is considered to be a cessation of recognition of the original liabilities and the recognition of a new liability. The difference in carrying amount is recognized in profit and loss in the consolidated statement of profit and loss and other comprehensive income.

Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amounts are disclosed in the consolidated statement of financial position when there is currently a legally enforceable right to offset the recognized amounts, and there is an intention either to settle them on a net basis or to liquidate the assets and pay the liabilities simultaneously.

5 Material accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. These costs include; The cost of replacing a portion of property, plant and equipment and borrowing costs related to long-term construction projects (eligible assets), if the recognition criteria are met. When these assets are created internally, their cost includes all amounts necessary to bring the asset to its current condition and location so that it is ready for its intended use by the company; This excludes all other costs such as general and administrative expenses and training costs. Any costs of the feasibility study are expensed when incurred unless they relate to a specific asset created internally and are directly attributable to it.

The Group adds to the carrying value of an item of property, plant and equipment the cost of replacing parts of that item when that cost is incurred if the replacement part is expected to generate additional future benefits for the Group; The carrying value of the replaced part is derecognized. All other repairs and maintenance expenses are charged directly to profit or loss in the statement of profit and loss and other comprehensive income during the period in which they are incurred.

Asset depreciation is charged to spread the cost of assets less their estimated residual value over their estimated useful lives using the straight-line method.

Gains and losses on disposals are determined by comparing the proceeds of disposals with the book value and are included in the profit or loss in the statement of profit and loss and other comprehensive income. Major spare parts are eligible for recognition as appliances, furniture, and office equipment when the company expects to use them within more than one year. Transfers are made to the relevant operating asset class when these items are available for use.

Depreciation is calculated on a straight-line basis over the years of the estimated useful lives of the assets, as follows.

<u>Category of property, plant and equipment</u>	<u>Years</u>
Buildings and caravans	20 years
Transportation	5 years
Property and equipment	7 years
Furniture and mixture	10 years
Other assets	4 years

The assets residual values, useful lives and depreciation methods are reviewed and adjusted on a prospective basis, if appropriate, at the end of each financial period. Any item of property, plant and equipment and any significant part initially recognized are derecognized when it is disposed of or when there are no future benefits expected from its use. Any gains or losses arising on derecognition of the asset (which are calculated as the difference between the net proceeds of disposals and the carrying amount of the asset) are included in profit or loss in the statement of consolidated profit and loss and other comprehensive income

5 Material accounting policies (continued)

Lease contracts

The Group evaluates at the beginning of the contract whether the contract is a lease or contains a lease. A contract is or contains a lease if it gives the right to control the use of a specific asset for a period of time in exchange for consideration.

Group as a lessee

The Group recognizes the right to use the assets on the commencement date of the lease (i.e. the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and are adjusted to account for any remeasurement of lease liabilities. The cost of right-of-use assets includes the value of lease liabilities recognized, initial direct costs incurred and lease payments made on or before the lease commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term or the estimated useful lives of the assets, whichever is shorter.

The Group applies a single recognition and measurement method for all lease contracts, except for Building short-term leases and special leases with low-value assets. The group recognizes lease liabilities to make lease payments and right-of-use assets, which represents the right to use the assets subject to the contract.

If the owner of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are also subject to impairment. Please see the accounting policies mentioned in the “Impairment of Non-Financial Assets” paragraph. Right-of-use assets are depreciated on a straight-line basis over the lease term or the estimated useful lives of the assets. The lease term for workers’ housing, warehouses, and lands is estimated to range from 2 to 20 years.

At the lease commencement date, the Group recognizes lease liabilities measured at the present value of lease payments made throughout the lease term. Lease payments include fixed payments (including actual fixed payments) less any lease incentives receivable, variable lease payments based on an index or rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a reasonably certain purchase option to be exercised by the Group and penalties paid for terminating the lease, if the terms of the lease give the Group the option to terminate the lease. Variable lease payments that do not depend on an index or rate are recognized as an expense in the period during which the event or circumstance that triggers the payment occurs.

When calculating the present value of lease payments, the Group uses its incremental financing rate at the lease commencement date because the interest rate implicit in the contract cannot be determined immediately. After the lease commencement date, the amount of the lease liability is increased to reflect the level of interest accrual and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or change in the term of the lease, a change in lease payments (such as changes in future lease payments resulting from a change in the index or rate used to determine those lease payments) or a change in the valuation of lease payments. An option to buy the asset underlying the contract.

Short-term leases and leases of low value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., leases that have a term of 12 months or less from the contract commencement date and do not include a purchase option). The recognition exemption for leases with low-value assets also applies to leases that are considered low-value. Lease payments related to short-term leases and leases with low-value assets are recognized as an expense on a straight-line basis over the term of the lease.

5 Material accounting policies (continued)

Lease contracts (continued)

Group as a lessor

Leases under which the Group does not transfer substantially all of the rewards and risks associated with ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included as revenue in the consolidated statement of profit, loss and comprehensive income due to its operating nature. Initial direct costs incurred during the negotiation and arrangement of any operating lease are added to the carrying value of the leased asset and recognized over the lease term on the same basis as rental income. Conditional rents are recognized as revenue during the period in which they are earned.

Lease contracts, when established, are classified as finance leases or operating leases. Lease contracts under which the Group transfers substantially all the rewards and risks associated with ownership are classified as finance leases.

Impairment of non-financial assets

The Group conducts an assessment at each statement of financial position date to determine whether there is an indication that the value of a non-financial asset may be impaired. If this indicator exists, or when it is necessary to conduct annual impairment testing for an asset, the Group estimates the asset's recoverable amount. It represents the recoverable amount of the asset; The fair value of an asset or cash-generating unit less costs to sell and its value in use, whichever is higher, determines the recoverable amount of an individual asset, unless the asset generates cash flows that are largely independent of those generated by another asset or group of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

When estimating value in use, the estimated future cash flows are discounted to their present value using a pre-Zakat discount rate; It reflects current market assessments of the time value of money and the risks inherent in the asset. The Group's calculation of impairment is based on the detailed budget and forecast accounts, which are prepared separately for each of the Group's cash-generating units to which assets are allocated separately. This budget and forecast accounts generally cover a period of five years. As for long periods, the long-term growth rate is calculated and applied to the expected future cash flows for subsequent periods.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount; So that it does not exceed the book value that has increased; The carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. The reversal of loss arising from a decrease in profit or loss is recognized in the consolidated statement of profit and loss and other comprehensive income.

Employee benefits

Short-term employee benefits

A liability is recognized for benefits owed to employees in terms of salaries, wages, annual leave, and travel tickets, which are expected to be paid fully within twelve months after the end of the period in which the employees provide the related services. The liability is recognized for the undiscounted amount of benefits expected to be paid for those services.

Employees defined benefits liabilities

The employee defined benefit liabilities is determined using the projected unit credit method, in addition to actuarial valuation exercises performed at the end of each fiscal year. Remeasurements, which include actuarial gains and losses, are recognized immediately in the statement of financial position, with the increase or decrease recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are immediately recognized in retained earnings and will not be reclassified to the consolidated statement of profit and loss and other comprehensive income in subsequent periods.

5 Material accounting policies (continued)

Employee benefits (continued)

Employees defined benefits liabilities(continued)

Changes in the present value of the defined benefit liabilities resulting from program modifications or workforce reductions are recognized directly in the statement of profit and loss and other comprehensive income as prior service costs. The commission is calculated by applying the discount rate at the beginning of the period to the net defined benefit liabilities or assets.

Defined benefit assets or liabilities consist of the present value of defined benefit liabilities, less past service costs and less the present value of plan assets out of which the liabilities must be settled. At present, the program is unfunded and has no assets.

Provisions

Provisions are recognized when there are current liabilities (legal or constructive) on the Group resulting from past events, and it is likely that resources that include economic benefits will be required to settle the liabilities, so that the amount of the liabilities can be estimated reliably. In cases where the Group expects to recover part or all of the provision, for example under an insurance contract, Recoveries are recognized as a separate asset only when the recovery is actually confirmed. The expense relating to the provision is presented in the statement of profit and loss and other comprehensive income, net, less any recoveries. If the effect of the time value of money is material, provisions are discounted using the current pre-zakat rate that reflects, when appropriate, the risks associated with that liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a financing cost.

Zakat and value added tax

Zakat

The Group is subject to zakat under the regulations of the Zakat, Tax and Customs Authority (ZATCA). The provision for zakat is charged to the consolidated statement of profit and loss and other comprehensive income. Differences, if any, are calculated upon finalizing the assessments when these amounts are determined in accordance with the requirements of International Accounting Standard 8 “Accounting Policies.” “Changes in Accounting Estimates and Errors” that is endorsed in the Kingdom of Saudi Arabia.

Value added tax

Revenues, expenses and assets are recognized net, after deducting the amount of VAT when the VAT incurred on the purchase of assets or services is not recoverable from ZATCA; In this case, value added tax is recognized as part of the cost of acquiring the asset or as part of an expense item, as the case may be. Receivables and payables are recognized including the value added tax amount. The net amount of VAT that is recoverable or payable to ZATCA is included as part of receivables or payables in the consolidated statement of financial position.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to settle a liability in an ordinary transaction between market participants at the measurement date. The fair value measurement is based on the assumption that the transactions to sell the asset or transfer the liability occur either:

- In the primary market for the assets or liabilities or
- In the absence of a principal market, in the most appropriate market for the asset or liability

The main market or the most suitable market must be accessible to the Group. The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants represent their economic interest.

5 Material accounting policies (continued)

Fair value measurement (continued)

The Group uses valuation techniques that are appropriate under the circumstances in which the information necessary to measure fair value is available, maximizing the use of observable inputs and minimizing the use of non-observable inputs.

All assets and liabilities whose fair value is measured or disclosed in the consolidated financial statements are classified within the fair value hierarchy and this is disclosed below, based on the lowest level input that is considered significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that can be obtained at the measurement date.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities recognized in the financial statements at fair value on a recurring basis, the Group determines whether a transfer has occurred between levels in the hierarchy by reassessing the classification (based on the lowest level significant input to the fair value measurement as a whole) at the end of the period. The Group determines policies and procedures for both recurring fair value measurement and non-recurring fair value measurement.

At the date of each report, the Group analyzes the changes in the values of assets and liabilities that need to be remeasured or reevaluated in accordance with the Group's accounting policies. For this analysis, the Group verifies the main inputs applied in the last evaluation by matching the information in calculating the evaluation with contracts and other relevant documents. The Group also compares the change in the fair value of each asset or liability with other external indicators to determine whether the change is reasonable for the purposes of fair value disclosures. The Group has determined the categories of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as described above.

Revenue recognition

The Group recognizes revenues under IFRS No. (15) using the following five-step model:

Step 1: Identify the contract with the client	A contract is defined as an agreement between two or more parties that creates enforceable rights and liabilities and specifies the standards for each contract that must be met.
Step 2: Identify the performance liabilities	A performance liabilities is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price	The transaction price is the amount of consideration that the Group expects to receive in exchange for transferring the goods or services promised to the customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance liabilities	For a contract that contains more than one performance liabilities, the Group allocates the transaction price to each performance liabilities in an amount that determines the amount of consideration the Group expects to receive in exchange for satisfying each performance liabilities.
Step 5: Revenue recognition	The Group earns revenue when (or whenever) it fulfills a performance liabilities by transferring the goods or services promised to the customer under the contract.

5 Material accounting policies (continued)

Revenue recognition (continued)

The Group recognizes revenues from the following main sources:

A) Sales of goods directly to customers:

- Gravel and asphalt sales.
- Spare parts sales.

b) Providing transportation services to customers.

The Group recognizes revenue when control of the products sold is transferred to the customer. This determination is made in the context of the five-step revenue recognition method, taking into account applicable shipping terms.

In certain instances, the Group treats delivery services as a separate and identifiable component, distinct from the sale of goods. Revenue from these services is recognized when the Group transfers control of the goods at its loading sites and provides delivery services to the buyer's location. The Group allocates a portion of the total transaction price to delivery services based on its best estimate for comparable independent services.

Other income

All other income is recognized on the accrual basis.

Expenses

General and administration expenses include direct and indirect costs not specifically part of cost of revenue. In accordance with the requirements of generally accepted accounting principles, allocations between General and administration expenses and cost of revenue is made, when necessary, based on consistent basis.

Foreign currencies transactions

Foreign currency transactions are converted into Saudi Riyals using the exchange rates prevailing at the time of the transactions. For monetary assets and liabilities denominated in foreign currencies, the conversion is based on the exchange rates prevailing at the reporting date. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the currency of activity using the exchange rates applicable when determining the fair value. Historical cost non-monetary items in a foreign currency are translated using the exchange rates at the date of the transaction. Any gains or losses resulting from changes in exchange rates are recognized in the statement of consolidated profit or loss and other comprehensive income.

Dividends

Final dividend distributions are recognized as liabilities upon approval by the shareholders' general assembly. The corresponding amount is directly recognized in the consolidated statement of changes in equity.

SALEH ABDULAZIZ AL RASHED AND SONS COMPANY
(A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements (continued)
31 December 2023

6 PROPERTY, PLANT, AND EQUIPMENT

	Land SR	Buildings and caravans SR	Machinery and equipment SR	Transportation vehicles SR	Furniture and fixtures SR	Other assets SR	Capital works in progress SR	Total
Cost:								
At 1 January 2023	1,752,000	21,286,270	143,635,456	110,867,261	5,613,064	1,334,919	1,947,230	286,436,200
Additions	-	2,160,787	15,303,568	60,431,552	2,161,146	316,245	20,353,417	100,726,715
Transferred from inventory	-	5,151,210	1,045,266	-	-	-	-	6,196,476
Transferred from capital work in progress	-	2,352,676	18,398,519	-	-	-	(20,751,195)	-
Disposal	-	(73,634)	(1,159,636)	(7,790,477)	(113,091)	-	-	(9,136,838)
At 31 December 2023	<u>1,752,000</u>	<u>30,877,309</u>	<u>177,223,173</u>	<u>163,508,336</u>	<u>7,661,119</u>	<u>1,651,164</u>	<u>1,549,452</u>	384,222,553
Accumulated depreciation								
At 1 January 2023	-	6,851,428	82,618,867	63,192,961	4,222,639	1,051,836	-	157,937,731
Charged for the year	-	1,380,054	15,319,045	18,616,857	902,820	158,566	-	36,377,342
Disposal	-	(17,498)	(1,159,633)	(2,244,668)	(96,500)	-	-	(3,518,299)
At 31 December 2023	-	<u>8,213,984</u>	<u>96,778,279</u>	<u>79,565,150</u>	<u>5,028,959</u>	<u>1,210,402</u>	-	190,796,774
Net book value								
At 31 December 2023	<u>1,752,000</u>	<u>22,663,325</u>	<u>80,444,894</u>	<u>83,943,186</u>	<u>2,632,160</u>	<u>440,762</u>	<u>1,549,452</u>	193,425,779

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Notes to the Consolidated Financial Statements (continued)
31 December 2023

6 PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

	Land SR	Buildings and caravans SR	Machinery and equipment SR	Transportation vehicles SR	Furniture and fixtures SR	Other assets SR	Capital works in progress SR	Total SR
Cost:								
At 1 January 2022	1,752,000	18,498,364	101,821,638	81,304,683	4,874,991	1,287,909	5,883,384	215,422,969
Additions	-	2,826,906	41,199,165	33,409,424	738,073	47,010	1,845,525	80,066,103
Transferred from capital work in progress	-	-	670,377	16,821	-	-	(687,198)	-
Transferred to inventory	-	-	-	-	-	-	(5,091,952)	(5,091,952)
Disposal	-	(39,000)	(55,724)	(3,863,667)	-	-	(2,529)	(3,960,920)
At 31 December 2022	<u>1,752,000</u>	<u>21,286,270</u>	<u>143,635,456</u>	<u>110,867,261</u>	<u>5,613,064</u>	<u>1,334,919</u>	<u>1,947,230</u>	<u>286,436,200</u>
Accumulated depreciation								
At 1 January 2022	-	5,878,035	72,106,210	57,035,850	3,756,697	910,011	-	139,686,803
Charge for the year	-	973,719	10,514,043	9,015,151	465,942	141,825	-	21,110,680
disposal	-	(326)	(1,386)	(2,858,040)	-	-	-	(2,859,752)
At 31 December 2022	<u>-</u>	<u>6,851,428</u>	<u>82,618,867</u>	<u>63,192,961</u>	<u>4,222,639</u>	<u>1,051,836</u>	<u>-</u>	<u>157,937,731</u>
Net book value								
At 31 December 2022	<u>1,752,000</u>	<u>14,434,842</u>	<u>61,016,589</u>	<u>47,674,300</u>	<u>1,390,425</u>	<u>283,083</u>	<u>1,947,230</u>	<u>128,498,469</u>

The depreciation is charged to the consolidated statement of profit and loss and other comprehensive income as follows:

	2023	2022
	<u>SR</u>	<u>SR</u>
Cost of revenue (note 22)	34,661,201	19,881,315
General and administrative expenses (note 23)	1,716,141	1,229,365
	<u>36,377,342</u>	<u>21,110,680</u>

7 LEASE CONTRACTS

a) Right of use assets

Right-of-use assets represent leases associated with leases for worker accommodation, warehouses and land. The movement in right-of-use assets is as follows:

	2023 SR	2022 SR
Cost		
Additions	7,744,809	-
	<u>7,744,809</u>	<u>-</u>
Accumulated depreciation:		
Charged for the year	1,270,868	-
	<u>1,270,868</u>	<u>-</u>
Net book value:		
As at the end of the year	<u>6,473,941</u>	<u>-</u>

The depreciation is charged to the consolidated statement of profit and loss and other comprehensive income as follows:

	2023 SR	2022 SR
Cost of revenue (note 22)		
General and administrative expenses (note 23)	747,033	-
	<u>523,835</u>	<u>-</u>
	<u>1,270,868</u>	<u>-</u>

B) Lease liabilities

The following is the details of the carrying value of recognized lease liabilities and changes during the year:

	2023 SR	2022 SR
At the beginning of the year	-	-
Additions	7,744,809	-
Financial charges (note 25)	302,714	-
Amounts paid	(1,623,629)	-
	<u>6,423,894</u>	<u>-</u>
	2023	2022
	SR	SR
lease liabilities- the current portion	2,928,463	-
lease liabilities- non-current portion	3,495,431	-
	<u>6,423,894</u>	<u>-</u>

8 INVENTORY

	2023	2022
	SR	SR
Finished goods	90,138,727	59,109,970
Spare parts	20,688,168	16,495,355
Work in progress	10,001,939	10,820,505
Raw materials	9,069,431	3,578,566
	<u>129,898,265</u>	<u>90,004,396</u>
Less: Allowance for slow moving inventory	(7,668,133)	(7,420,210)
	<u>122,230,132</u>	<u>82,584,186</u>

The movement of provision for slow-moving and obsolete inventory is as follows:

	2023	2022
	SR	SR
At the beginning of the year	7,420,210	7,420,210
Charged during the year (note 22)	247,923	-
	<u>7,668,133</u>	<u>7,420,210</u>

9 INVESTMENTS IN FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
Country	SR	SR
Osool and Bakheet Investment Company,	1,898,388	-
Knowledge Network Computer Company	1,595,376	-
Al Saif Gallery Company	1,189,350	1,217,700
Saudi Limestone Industries Company	658,210	-
Riyadh Cables Group Company	-	253,997
Saudi Aramco Base Oil Company- Luberef	-	1,371,735
	<u>5,341,324</u>	<u>2,843,432</u>

The movement in financial instruments investments at fair value through profit and loss was as follows:

	2023	2022
	SR	SR
Balance at the beginning of the year	2,843,432	-
Additions	5,512,600	3,282,374
Disposal	(1,625,732)	-
Revaluation losses (note 26)	(1,388,976)	(438,942)
	<u>5,341,324</u>	<u>2,843,432</u>

The fair value of investments in equity instruments held at fair value through profit or loss is determined by reference to quotations published in an active market.

10 TRADE RECEIVABLES

	2023 SR	2022 SR
Trade receivables	52,272,834	38,910,526
Less: Provision for expected credit losses	(6,013,282)	(1,456,025)
	<u>46,259,552</u>	<u>37,454,501</u>

Movement in the provision for expected credit losses

	2023 SR	2022 SR
At 1 January	1,456,025	-
Charged during the year (note 23)	4,581,881	1,456,025
Bad debts written off	(24,624)	-
	<u>6,013,282</u>	<u>1,456,025</u>

2023	<i>Days past due – trade receivables</i>						Total SR
	<i>0-30 days</i> SR	<i>31-60 days</i> SR	<i>61-90 days</i> SR	<i>91-180 days</i> SR	<i>181-365 days</i> SR	<i>More than one year</i> SR	
Total amount	22,768,664	16,888,253	4,649,415	4,300,374	2,063,234	1,602,894	52,272,834
2022							
Total amount	15,586,126	9,410,689	6,198,761	2,803,548	2,614,971	2,296,431	38,910,526

Based on past experience, it is expected that all unimpaired receivables will be recovered.

11 PREPAYMENTS AND OTHER CURRENT ASSETS

	2023 SR	2022 SR
Advance to suppliers	12,173,258	28,731,519
Prepaid expenses	5,083,507	6,554,357
Cash advances and petty cash	2,945,996	2,025,606
Deferred costs	2,740,020	1,367,337
Accrued revenue	-	2,471,042
Other	-	1,199,630
	<u>22,942,781</u>	<u>42,349,491</u>

12 TRANSACTIONS WITH RELATED PARTIES

Related parties include shareholders, affiliates, executive management personnel, and entities controlled or jointly controlled by these entities or over which these entities exercise significant influence. Transactions with related parties and their terms are approved by the company's shareholders. The following is a statement of transactions with related parties and their balances:

Related party	Relationship
Najd Roads Contracting Company	Owned by a shareholder
Abdulaziz Saleh Al Rashed	Shareholder
Saud Saad Al Rashed	Shareholder
Noura Saleh Abdulaziz Al Rashed	Shareholder
Sarah Saleh Abdulaziz Al Rashed	Shareholder

The following is a statement of important transactions with related parties:

Related party	Nature of the transaction	2023	2022
		SR	SR
Najd Roads Contracting Company	Sales	106,091,964	67,358,314
Shareholders	Amounts transferred to additional capital	-	92,707,509

Amounts due from and to related parties are shown in the consolidated statement of financial position within current liabilities, and consist of the following:

Amounts due from related parties	2023	2022
	SR	SR
Najd Roads Contracting Company (owned by a shareholder)	20,470,656	32,842,131
Quality rocks mining company (subsidiary company)	-	3,643,950
	<u>20,470,656</u>	<u>36,486,081</u>

Amounts due to related parties	2023	2022
	SR	SR
Muhammad Abdulaziz Saleh Al Rashed	399,500	-
Abdulaziz Saleh Al Rashed	-	3,338,972
Saud Saad Al Rashed	-	324,269
Noura Saleh Al Rashed	-	197,443
Sarah Saleh Al Rashed	-	197,443
	<u>399,500</u>	<u>4,058,082</u>

Compensation of key management personnel:

Members of the Board of Directors and key management personnel are defined as persons who have the authority and responsibility to plan, direct and control the company's activities (directly or indirectly). Compensation of members of the Board of Directors and key management employees includes the following:

	2023	2022
	SR	SR
Allowances and remuneration of the Chairman of the Board of Directors	8,083,173	10,451,194
Salaries and short-term benefits - executive management	1,354,056	621,170
Board members' remuneration	300,000	-
Defined Employee Benefit Liabilities – Executive Management	217,443	24,884
	<u>9,954,672</u>	<u>11,097,248</u>

13 CASH AND CASH EQUIVALENTS

	2023	2022
	SR	SR
Bank balances	11,499,542	17,827,207
Cash in the investment portfolio	50,488	477,618
Cash in hand	-	34,315
	<u>11,550,030</u>	<u>18,339,140</u>

14 SHARE CAPITAL

On 29 Jumada II 1444 (corresponding to 22 January 2023), the Company increased its capital from 500 thousand Saudi riyals to 186 million Saudi riyals (18,600,000 shares) with a share value of 10 Saudi riyals.

The formalities related to that increase were completed. The Company's capital consists of 18,600,000 shares, each share's value is 10 Saudi riyals as of 31 December 2023 (50,000 shares, each share's value is 10 Saudi riyals as of 31 December 2022), distributed as follows:

Shareholders	Number of shares	Ownership percentage, %	Total value SR
Abdulaziz Saleh Abdulaziz Al Rashed	6,664,380	35.83%	66,643,800
Abdullah Saleh Abdulaziz Al Rashed	3,875,124	20.83%	38,751,240
Abdulaziz Saad Saleh Al Rashed	1,395,000	7.5%	13,950,000
Saud Saad Saleh Al Rashed	1,395,000	7.5%	13,950,000
Noura Saleh Al Rashed	1,007,748	5.42%	10,077,480
Sarah Saleh Al Rashed	1,007,748	5.42%	10,077,480
Areej Saud Al-Dabaan	697,500	3.75%	6,975,000
Dana Saad Saleh Al Rashed	697,500	3.75%	6,975,000
Lolo Saad Saleh Al Rashed	697,500	3.75%	6,975,000
Noura Saad Saleh Al Rashed	697,500	3.75%	6,975,000
Maryam Saad Al Rashed	465,000	2.5%	4,650,000
Total	<u>18,600,000</u>	<u>100%</u>	<u>186,000,000</u>

15 ADDITIONAL CAPITAL

During 2022, the shareholders decided to make additional contributions of 185,500,000 riyals to support and finance the Company. In 2023, the total balance of the additional capital was utilized to increase the Company's capital.

16 STATUTORY RESERVES

The new Companies Regulations, issued by Royal Decree M/132 dated June 30, 2022 (hereinafter referred to as the "Regulation"), came into effect on 19 January 2023. The Regulation replaces the Companies Regulations issued in 1437H, and any other provisions conflicting with the Regulation will be overridden. Existing companies must amend their status in conformity with the Regulation's provisions within two years of the effective date. The Company has revised its articles of association to comply with the provisions of the new system, and as a result, the Company is no longer obligated to establish a reserve.

Accordingly, the balance of the statutory reserve formed in prior years is subject to the shareholders' decision in the future, either to retain it as a general reserve or return it to retained earnings.

17 EMPLOYEES DEFINED BENEFIT LIABILITIES

The Group grants defined benefit liabilities (“Benefit Program”) to its employees taking into account the requirements of the labor law in the Kingdom of Saudi Arabia. The benefits granted under this benefit program represent a lump sum calculated on the basis of employees' latest salaries and allowances and their accumulated years of service at the date of termination of service.

The benefit liabilities recognized in the statement of financial position for defined benefit liabilities for employees represent the present value of the defined benefit liabilities at the date of preparing the financial statements. The most recent actuarial valuation was performed by an independent qualified actuary using the projected unit credit method.

The following is the details of the movement in defined benefit liabilities for employees:

	2023	2022
	SR	SR
In the beginning of the year	9,381,546	9,218,498
Current service cost	1,970,737	2,808,930
Financial charges (note 25)	417,139	207,416
Payments	(1,897,438)	(590,888)
The gain on remeasurement in other comprehensive income	(1,657,657)	(2,262,410)
	8,214,327	9,381,546

The following are the significant assumptions used in determining the employee end-of-service benefit liabilities:

	2023	2022
	SR	SR
Discount rate	5.5%	4.95%
Salary increases rate	2%	4%

The sensitivity analysis of the defined benefit liabilities to changes in the weighted average of the key assumptions is as follows:

Significant assumption	Change in assumption	2023	2022
		SR	SR
Discount rate	+1%	7,782,943	8,526,533
	-1%	8,697,372	10,409,969
Salary increases rate	+1%	8,709,811	10,456,272
	-1%	7,764,801	8,473,861

18 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2023	2022
	SR	SR
Accrued expenses	14,486,132	16,123,099
Advance from suppliers	5,642,090	2,913,660
Value added tax	2,260,706	2,376,218
Dividends payable	-	15,460,111
Other	3,238,273	7,444,708
	<u>25,627,201</u>	<u>44,317,796</u>

19 SHORT-TERM LOANS

	2023	2022
	SR	SR
Short-term loans	<u>35,824,000</u>	<u>-</u>

A) The Company obtained credit facilities in the amount of 46.5 million Saudi riyals from a local bank for the purposes of financing the Company's activities. The utilized balance amounted to 8.8 million Saudi riyals as a short-term loan due within a period not exceeding 12 months. The loan carries a commission according to the prevailing commercial rates in banks in the Kingdom of Saudi Arabia. This financing is secured by promissory notes and a joint guarantee from the shareholders.

B) The Company obtained financing in the amount of 60 million Saudi riyals from a local bank for the purposes of financing the Company's activities. The utilized balance amounted to 27 million Saudi riyals in the form of a short loan due within a period not exceeding 12 months. The loan carries a commission according to the prevailing commercial rates in banks in the Kingdom of Saudi Arabia. This financing is secured by promissory notes and a joint guarantee from the shareholders.

20 ZAKAT

The Company and its subsidiary submit the zakat assessments based on the financial statements of each company separately.

A) Zakat expense charged for the year:

The zakat charge for the year amounted to 4,090,314 Saudi riyals (2022: 1,964,926 Saudi riyals).

B) Movement of zakat provision:

	2023	2022
	SR	SR
At the beginning of the year	1,990,034	2,060,358
During the year	4,090,314	1,964,926
Paid during the year	(1,966,391)	(2,035,250)
Related to acquisition of a subsidiary (note 28)	4,043	-
At the end of the year	<u>4,118,000</u>	<u>1,990,034</u>

20 ZAKAT (CONTINUED)

C) Zakat assessment

Saleh Abdulaziz Al Rashed and Sons Company

The Company submitted its zakat returns to ZATCA for all years up to 2022, paid the zakat due accordingly, and obtained zakat certificates. The Company obtained the zakat assessments until 2015, and the zakat due on it was paid. Zakat assessments for the remaining years have not yet been received from ZATCA.

Quality Rocks Mining Company

The company submitted its zakat returns to ZATCA for all years up to 2022, paid the zakat due accordingly, and obtained zakat certificates. Zakat assessments for previous years have not yet been received from ZATCA.

21 REVENUE

	2023 SR	2022 SR
Gravel and asphalt sales	286,487,597	263,708,158
Spare parts sales	114,934,160	97,028,253
Transportation revenue	97,270,935	68,724,470
Recognized at a point in time	<u>498,692,692</u>	<u>429,460,881</u>

22 COST OF REVENUE

	2023 SR	2022 SR
Materials and operating supplies	166,398,762	124,333,890
Maintenance and repair	77,146,120	66,386,050
Transportation	49,919,937	39,697,769
Salaries, wages and its equivalents	44,029,095	38,676,329
Depreciation of property, plant and equipment (note 6)	34,661,201	19,881,315
Government expenses	16,591,339	13,683,087
Insurance expenses	2,825,609	1,939,210
Equipment rentals	2,196,778	535,603
Service expenses	1,793,434	1,101,276
Workers' housing expenses	774,128	663,363
Depreciation of right-of-use assets (note 7)	747,033	-
Provision for slow moving inventory (note 8)	247,923	-
Other	4,012,337	3,147,690
	<u>401,343,696</u>	<u>310,045,582</u>

23 GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
	SR	SR
Employee salaries	27,197,733	35,584,914
Expected credit losses - trade receivables (note 10)	4,581,881	1,456,025
Depreciation of property, plant and equipment (note 6)	1,716,141	1,229,365
Governmental expenses	998,772	1,343,924
Professional and consulting fees	931,589	305,182
Subscriptions	667,778	-
Transportation	594,578	1,003,836
Service expenses	580,994	540,010
Bank expenses	537,931	468,643
Short term rental	533,070	1,133,369
Depreciation of right-of-use assets (note 7)	523,835	-
Maintenance	445,764	284,171
Insurance	139,806	80,677
Other	1,282,789	1,682,208
	<u>40,732,661</u>	<u>45,112,324</u>

24 SELLING AND MARKETING EXPENSES

	2023	2022
	SR	SR
Selling commissions	1,634,735	2,209,400
Advertising	605,518	702,691
	<u>2,240,253</u>	<u>2,912,091</u>

25 FINANCIAL CHARGES

	2023	2022
	SR	SR
Financial charges on loans	1,949,353	130,168
Financial charges related to lease liabilities (note 7)	302,714	-
Financial charges related to employee defined benefits (note 16)	417,139	207,416
	<u>2,669,206</u>	<u>337,584</u>

26 OTHER (LOSS) INCOME

	2023	2022
	SR	SR
Gains on disposal of property, plant and equipment	609,553	228,596
Losses (gains) on the sale of investments in financial instruments held at fair value through profit and loss	-	242,525
(Losses) profits of currency exchange	(179,862)	96,973
Losses on revaluation of investment in financial instruments held at fair value through profit and loss (note 9)	(1,388,976)	(438,942)
Other	400,969	769,768
	<u>(558,316)</u>	<u>898,920</u>

27 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the value at which assets can be exchanged or liabilities paid between willing parties on fair dealing terms. Financial instruments consist of financial assets acquired at fair value through profit or loss, trade receivables, cash and cash equivalents, and amounts due from related parties, while financial liabilities consist of loans, trade payables, amounts due to related parties, accrued expenses, other current liabilities, and lease liabilities.

Management has assessed that the fair value of its financial assets and liabilities approximates their book value, largely due to the short-term maturity of these instruments.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the financial year in which the change occurs. There were no transfers between levels 1, 2 or 3 during the year ended 31 December 2023 (31 December 2022: same). As at the reporting date, there were no Level 1, 2 or 3 assets or liabilities.

A) Financial assets

	2023 SR	2022 SR
Financial assets at fair value		
Investments in financial instruments carried at fair value through profit or loss	<u>5,341,324</u>	<u>2,843,432</u>
Financial assets at amortized cost		
Cash and its equivalent	11,550,030	18,339,140
Trade receivables	46,259,551	37,454,501
Amounts due from related parties	20,470,656	36,486,081
Other current assets	<u>17,859,274</u>	<u>34,427,797</u>
Total financial assets at amortized cost	<u>96,139,511</u>	<u>126,707,519</u>
Total financial assets (current)	<u><u>101,480,835</u></u>	<u><u>129,550,951</u></u>

B) Financial liabilities

	2023 SR	2022 SR
Financial liabilities at amortized cost		
Trade payable	40,196,713	29,633,185
Other current liabilities	8,795,363	10,358,368
Amounts due to a related party	399,500	4,058,082
Short-term loans	35,824,000	-
Lease liabilities	<u>6,423,894</u>	-
Total financial liabilities carried at amortized cost	<u>91,639,470</u>	<u>44,049,635</u>
Total current financial liabilities	<u><u>88,144,039</u></u>	<u><u>44,049,635</u></u>
Total non-current financial liabilities	<u><u>3,495,431</u></u>	<u><u>-</u></u>

28 BUSINESS COMBINATION

Acquisition of Quality Rocks Mining Company

On April 3, 2023, the Company acquired 100% of the voting shares in Quality Rock Mining Company (a one-person company) from a related party at cost. Prior to this acquisition, the company had not previously carried out commercial activities. Quality Rock Mining Company specializes in operating quarries and sand or gravel mines, including crushers and land transportation of goods. The acquisition of Quality Rock Mining Company is aimed at significantly expanding the Company's product offerings in the mining sector.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of Quality Rocks Mining Company as at the acquisition date was as follows:

	Fair value recognized upon acquisition SR
Assets	
Prepaid expenses and other current assets	3,342,950
Cash and its equivalent	500,385
Total assets	<u>3,843,335</u>
Liabilities	
Accrued expenses and other current liabilities	8,500
Amounts due to related parties	3,743,450
Zakat provision	4,043
Total liabilities	<u>3,775,993</u>
Total identifiable net assets at book value	<u>87,342</u>
Consideration paid	<u>87,342</u>

29 CONTINGENCIES AND COMMITMENTS

As at 31 December 2023, the Group had outstanding letters of guarantee amounting to 12,418,750 Saudi riyals, and cash margins against letters of guarantee amounted to nil Saudi riyals (31 December 2022: outstanding letters of guarantee amounted to 9,850,000 Saudi riyals and cash margins against letters of guarantee amounted to nil Saudi riyals).

30 RISK MANAGEMENT FOR FINANCIAL INSTRUMENTS

The Group's principal financial liabilities consist of loans, trade payables, amounts due to related parties, accrued expenses, other current liabilities and lease liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include Investments in financial instruments carried at fair value through profit or loss, trade receivables, cash and cash equivalents and amounts due from related parties that arise directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management supervises the management of these risks.

30 RISK MANAGEMENT FOR FINANCIAL INSTRUMENTS (CONTINUED)

A) MARKET RISK

Market risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in prevailing market prices. Market risk includes two types of risks: interest rate risk and foreign currency exchange risk. Financial instruments affected by market risk include loans and deposits.

Interest rate risk

Interest rate risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in interest rates prevailing in the market. The Group's exposure to changes in market interest rates relates mainly to the Group's borrowings which are linked to a variable interest rate.

The Group is subject to changes in interest rate risk arising from changes in interest rates on its term loans, the rates of which are generally determined at prevailing interest rates. The Group manages interest rate risks by monitoring interest rate fluctuations on an ongoing basis.

Foreign currency exchange risk

Foreign currency exchange risk represents the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management monitors fluctuations in foreign exchange rates, and the Group believes that it is not exposed to significant currency risks, as it does not conduct significant transactions in foreign currencies other than the Saudi riyals.

B) CREDIT RISK

Credit risk represents the inability of one party to fulfill its liabilities, resulting in the other party incurring a financial loss. The Group seeks to manage credit risks related to banks by dealing only with banks with a good reputation, according to receivables, a continuous credit evaluation of the credit risks related to receivables is conducted.

C) LIQUIDITY RISK

Liquidity risk is the risk that the Group 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. The Group manages its liquidity risk by ensuring that bank facilities are available. The Group's terms of sales require amounts to be paid 30 to 90 days from the date of sale. Accounts payable are normally settled within 90 days of the date of purchase. All the liabilities presented in the Group's consolidated financial statements, except for the non-current portion of lease liabilities and employee benefit liabilities, are contractually due for payment on demand.

The Group's liquidity management process is monitored by Group management, and includes the following:

- a) Daily financing, which is managed by the Finance Department to ensure that these requirements are met, and this includes feeding funds when they are due or invested.
- b) Monitoring liquidity ratios in the consolidated statement of financial position in particular against internal and regulatory requirements.
- c) Managing risk concentrations and loan maturity dates.
- d) Liquidity management and mismatch of assets and liabilities

30 RISK MANAGEMENT FOR FINANCIAL INSTRUMENTS (CONTINUED)

LIQUIDITY RISK (CONTINUED)

D) SHRAES PRICE RISK

Share price risk represents the risk resulting from the fluctuation of the value of financial instruments as a result of changes in market prices. The Group's investments are exposed to market price risk resulting from uncertainty about future prices. Management manages these risks by diversifying the investment portfolio in terms of sector concentrations.

E) Capital management

The Group manages its capital to ensure that it is able to continue operating according to the going concern principle while increasing the return to shareholders by increasing the balance of equity. There was no change in the Group's overall strategy from the previous year.

The Group's objectives when managing capital are as follows:

- Preserving the Group's ability to continue operating according to the continuity principle, so that it can continue to generate returns for shareholders and benefits for other stakeholders.
- Maintain capital structure to minimize the cost of capital.

To maintain or adjust the capital structure, the Group may adjust dividends to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Consistent with others in the mining industry, the Group monitors capital using a leverage ratio (net debt to equity ratio) which is calculated by dividing net debt by total equity.

31 FAIR VALUE MEASUREMENT

The following table shows the hierarchy for measuring the fair value of the Group's financial assets.

The hierarchy for measuring the fair value of assets as of 31 December 2023 is as follows:

	Assessment date	Total SR	Fair value measurement using		Significant Unobservable inputs (The third level) SR
			Prices traded in active markets (Level one) SR	Significant observable inputs (level two) SR	
Financial assets measured at fair value:					
Investments in listed equity instruments (note 9):					
Investment portfolios	31 December 2023	5,341,324	5,341,324	-	-

31 FAIR VALUE MEASUREMENT (CONTINUED)

The hierarchy for measuring the fair value of assets as of 31 December 2022 is as follows:

	Assessment date	Total SR	Fair value measurement using		Significant Unobservable inputs (The third level) SR
			Prices traded in active markets (Level one) SR	Significant observable inputs (level two) SR	
Financial assets measured at fair value:					
Investments in listed equity instruments (note 9):					
	31 December 2022				
Investment portfolios		2,843,432	2,843,432	-	-

32 DIVIDENDS

No decision has been made to distribute profits for the years 2023 and 2022 (31 December 2022: 20,195,833 Saudi riyals for the years 2021, 2020, and 2019).

33 SUBSEQUENT EVENTS

The management believes, there have been no significant subsequent events after year end that would have a material impact on the consolidated financial statements.

34 COMPARATIVE FIGURES

Certain figures relating for the prior year have been reclassified to conform to the presentation in the current year.

35 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2023 were authorized for issuance by the Board of Directors on 27 Shawwal 1445H (corresponding to 6 May 2024).