

**CONSOLIDATED GRUENENFELDER  
SAADY HOLDING COMPANY AND ITS  
SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 MARCH 2024**

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY  
AND ITS SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)

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CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITOR'S REPORT

As at 31 March 2024

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**INDEPENDENT AUDITOR'S REPORT  
TO THE PARTNERS OF CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS  
SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)**

**Opinion**

We have audited the consolidated financial statements of Consolidated Gruenfelder Saady Holding Company, a Mixed Limited Liability Company (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 March 2024, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 ("SOCPA") (collectively referred to as "IFRSs as endorsed in KSA").

**Basis for 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 further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and the 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 endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT  
TO THE PARTNERS OF CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS  
SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY) (CONTINUED)**

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE PARTNERS OF CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS  
SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY) (CONTINUED)**

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

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.

for Ernst & Young Professional Services



Marwan S. AlAfaliq  
Certified Public Accountant  
License No. 422



Al Khobar: 23 Rabi Al-Awwal 1446H  
26 September 2024

**CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 March 2024

	<i>Notes</i>	<b>2024 SR</b>	<b>2023 SR</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	<b>38,216,808</b>	24,346,421
Intangible assets	5	<b>924,393</b>	620,709
Right-of-use assets	15	<b>1,334,713</b>	1,940,400
Deferred tax assets	14	<b>4,692,386</b>	4,218,397
<b>TOTAL NON-CURRENT ASSETS</b>		<b>45,168,300</b>	31,125,927
<b>CURRENT ASSETS</b>			
Inventories	6	<b>80,999,339</b>	59,837,832
Trade receivables	7	<b>105,619,955</b>	61,095,200
Amounts due from a related party	11	<b>906,142</b>	653,663
Prepayments and other current assets	8	<b>22,173,095</b>	10,121,661
Cash and cash equivalents	9	<b>18,752,638</b>	22,593,948
<b>TOTAL CURRENT ASSETS</b>		<b>228,451,169</b>	154,302,304
<b>TOTAL ASSETS</b>		<b>273,619,469</b>	185,428,231
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	22	<b>1,000,000</b>	1,000,000
Additional capital contribution	23	<b>54,439,539</b>	41,766,539
Statutory reserve		<b>300,000</b>	300,000
Retained earnings		<b>58,994,675</b>	36,426,688
<b>TOTAL EQUITY</b>		<b>114,734,214</b>	79,493,227
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Employees' defined benefit liabilities	10	<b>17,631,045</b>	16,185,491
Lease liabilities	15	<b>1,040,444</b>	1,054,222
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>18,671,489</b>	17,239,713
<b>CURRENT LIABILITIES</b>			
Trade payable		<b>58,284,897</b>	46,035,906
Amounts due to related parties	11	<b>461,904</b>	609,217
Accrued expenses and other current liabilities	12	<b>22,130,100</b>	14,779,677
Contract liabilities	13	<b>55,148,851</b>	25,598,132
Current portion of lease liabilities	15	<b>100,758</b>	580,184
Provision for zakat and income tax	14	<b>4,087,256</b>	1,092,175
<b>TOTAL CURRENT LIABILITIES</b>		<b>140,213,766</b>	88,695,291
<b>TOTAL LIABILITIES</b>		<b>158,885,255</b>	105,935,004
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>273,619,469</b>	185,428,231

The accompanying notes 1 to 31 form integral part of these consolidated financial statements.

**CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

For the year ended 31 March 2024

	Notes	2024 SR	2023 SR
Revenue	16	349,147,250	256,845,261
Cost of revenue	17	(265,310,966)	(201,005,918)
<b>GROSS PROFIT</b>		<b>83,836,284</b>	55,839,343
General and administration expenses	18	(23,789,117)	(19,153,343)
Selling and distribution expenses	19	(9,388,519)	(7,952,542)
Charge of expected credit losses of trade receivables	7	(1,722,058)	(984,079)
<b>OPERATING PROFIT</b>		<b>48,936,590</b>	27,749,379
Other income	20	3,463,038	2,711,583
Finance cost	21	(679,457)	(729,082)
<b>PROFIT BEFORE ZAKAT AND INCOME TAX</b>		<b>51,720,171</b>	29,731,880
Zakat	14	(1,543,484)	(1,258,892)
Income tax	14	(5,530,467)	(3,402,112)
Deferred tax credit	14	402,734	290,048
<b>PROFIT FOR THE YEAR</b>		<b>45,048,954</b>	25,360,924
<b>OTHER COMPREHENSIVE LOSS</b>			
<i>Other comprehensive loss that will not be reclassified to profit or loss (income) in subsequent periods:</i>			
Remeasurement loss on employees' defined benefit liabilities	10	(712,546)	(80,199)
Deferred tax effect on remeasurement loss on employees' defined benefit liabilities	14	71,255	8,019
<b>TOTAL OTHER COMPREHENSIVE LOSS</b>		<b>(641,291)</b>	(72,180)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>44,407,663</b>	25,288,744
<b>EARNINGS PER SHARE:</b>			
Basic and diluted earnings per share (profit for the year) attributable to the partners of the Company	28	4,504.90	2,536.09
Basic and diluted earnings per share (total comprehensive income) attributable to the partners of the Company	28	4,440.77	2,528.87

The accompanying notes 1 to 31 form integral part of these consolidated financial statements.

**CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March 2024

	<i>Share capital SR</i>	<i>Additional capital contribution SR</i>	<i>Statutory reserve SR</i>	<i>Retained earnings SR</i>	<i>Total equity SR</i>
Balance at 1 April 2022	1,000,000	41,766,539	300,000	14,209,346	57,275,885
Profit for the year	-	-	-	25,360,924	25,360,924
Other comprehensive loss	-	-	-	(72,180)	(72,180)
Total comprehensive income	-	-	-	25,288,744	25,288,744
Dividends (note 26)	-	-	-	(3,071,402)	(3,071,402)
Balance at 31 March 2023	1,000,000	41,766,539	300,000	36,426,688	79,493,227
Profit for the year	-	-	-	45,048,954	45,048,954
Other comprehensive loss	-	-	-	(641,291)	(641,291)
Total comprehensive income	-	-	-	44,407,663	44,407,663
Additional capital contribution (note 23)	-	12,673,000	-	-	12,673,000
Dividends (note 26)	-	-	-	(21,839,676)	(21,839,676)
<b>Balance at 31 March 2024</b>	<b>1,000,000</b>	<b>54,439,539</b>	<b>300,000</b>	<b>58,994,675</b>	<b>114,734,214</b>

The accompanying notes 1 to 31 form integral part of these consolidated financial statements.



# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

### CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

		2024 SR	2023 SR
	Notes		
<b>OPERATING ACTIVITIES</b>			
Profit before zakat and income tax		51,720,171	29,731,880
<i>Adjustments to reconcile profit before zakat and income tax to net cash flows:</i>			
Depreciation of property and equipment	4	2,941,647	3,345,284
Provision for employees' defined benefit liabilities	10	2,641,178	2,292,678
Charge of expected credit losses of trade receivables	7	1,722,058	984,079
Depreciation of right-of-use assets	15	878,599	747,356
Amortization of intangible assets	5	223,684	163,293
Interest on lease liabilities	15	79,868	250,402
Gains from disposal of property and equipment		-	(13,042)
Provision for slow moving inventories	6	-	750,000
		<b>60,207,205</b>	<b>38,251,930</b>
<i>Working capital adjustments:</i>			
Inventories		(21,161,507)	(7,591,486)
Trade receivables		(46,246,813)	(17,873,163)
Amounts due from a related party		(252,479)	339,657
Prepayments and other current assets		(12,051,434)	(1,447,305)
Trade payable		12,248,991	4,151,394
Amounts due to related parties		(147,313)	(13,248,858)
Accrued expenses and other current liabilities		7,350,423	(3,311,113)
Contract liabilities		29,550,719	3,608,247
Cash generated from operations		<b>29,497,792</b>	<b>2,879,303</b>
Zakat and income tax paid	14	(4,078,871)	(6,740,040)
Employees' defined benefit liabilities paid	10	(1,908,170)	(1,385,702)
<b>Net cash generated from (used in) operating activities</b>		<b>23,510,751</b>	<b>(5,246,439)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment	4	(4,139,035)	(6,452,508)
Purchase of intangible assets	5	(527,368)	(541,400)
Proceeds from disposal of property and equipment		-	13,042
<b>Net cash used in investing activities</b>		<b>(4,666,403)</b>	<b>(6,980,866)</b>
<b>FINANCING ACTIVITIES</b>			
Payment of lease liabilities		(845,984)	(1,028,926)
Dividends paid to equity holders	26	(21,839,676)	(3,071,402)
<b>Net cash used in financing activities</b>		<b>(22,685,660)</b>	<b>(4,100,328)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(3,841,310)</b>	<b>(16,327,633)</b>
Cash and cash equivalents at the beginning of the year		<b>22,593,948</b>	<b>38,921,581</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>18,752,638</b>	<b>22,593,948</b>
<b>Non-cash transactions:</b>			
In kind contribution recognized under equity	4 & 23	12,673,000	-

The accompanying notes 1 to 31 form integral part of these consolidated financial statements.

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2024

#### 1 CORPORATE INFORMATION AND ACTIVITIES

Consolidated Gruenfelder Saady Holding Company (the “Company” or the “Parent Company”) is a Mixed Limited Liability Company formed under the Regulations for Companies in the Kingdom of Saudi Arabia under commercial registration number 1010651887 on 18 Muharram 1442H (corresponding to 06 September 2020).

The principal activity of the Company is to own controlling interest in group of subsidiaries and corporations.

The Company's registered office is located at:

P.O Box 358  
Riyadh 11383  
Kingdom of Saudi Arabia

These consolidated financial statements include the financial position and performance of the Company and its following subsidiaries (collectively referred to as “Group”):

<i>Subsidiary</i>	<i>Country of incorporation</i>	<i>Effective holding</i>	
		<i>2024</i>	<i>2023</i>
Coldstores Group of Saudi Arabia	Kingdom of Saudi Arabia	<b>100%</b>	100%
Consolidated Gruenfelder Saady Company	Kingdom of Saudi Arabia	<b>100%</b>	100%

The subsidiaries are principally engaged in the manufacturing and sale of cooling containers for food transport vehicles, non- refrigerated bodies for the vehicles and unportable cold storage rooms as well as servicing and repairs of refrigeration bodies, cooling units and cold stores.

#### 2 MATERIAL ACCOUNTING POLICY INFORMATION

##### 2.1 Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance International Financial Reporting Standards (“IFRSs”) that are endorsed in the Kingdom of Saudi Arabia (KSA) and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to as “IFRSs as endorsed in KSA”).

These consolidated financial statements have been prepared on a historical cost basis on the basis that it will continue to operate as a going concern, except as otherwise disclosed in the material accounting policy information under note 2.3 below.

These consolidated financial statements are presented in Saudi Riyals (“SR”) which is the functional and presentation currency of the Company. All amounts have been rounded to the nearest SR, unless otherwise indicate.

##### 2.2 Basis of consolidation

These consolidated financial statements comprise the assets, liabilities and the results of operations of the Company and its subsidiaries as at 31 March 2024 and for the year then ended. Subsidiaries are entities that are controlled by Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

## **2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

### **2.2 Basis of consolidation (continued)**

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("other comprehensive income") are attributed to the equity holders of the parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interest represents the portion of profit or loss and net assets that are not held by the Group and are presented separately in the consolidated statement of financial position and within shareholders' equity in the consolidated statement of financial position, separately from the equity attributable to the shareholders of the Parent Company.

#### ***Changes in ownership interest in subsidiaries***

Changes in Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). In such circumstances the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the shareholder of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. Retained investment is recorded at fair value.

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

## 2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.3 Material accounting policy information

The material accounting policies adopted by the Group in preparing these consolidated financial statements are applied consistently as following:

#### Property and equipment

Property and equipment is 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 if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. 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 consolidated profit or loss as incurred.

Capital work in progress represents all costs relating directly or indirectly to the projects in progress and will be accounted for under relevant category of property and equipment upon completion.

The cost less estimated residual value of other items of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets. Following is the estimated useful lives of class of assets.

	<u>Years</u>
Building	10 – 20
Heavy machinery and equipment	8
Tools and other equipment	4
Computer equipment	4
Furniture and fixtures	4 -10
Motor vehicles	5

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic 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 the carrying amount of the asset) is included in the consolidated profit or loss when the asset is derecognised.

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

#### 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 amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognised in the consolidated statement of profit or loss in the period in which the expenditure is incurred.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the consolidated statement of profit or loss as incurred.

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. 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 consolidated statement of profit or loss.

#### Software

Computer software licenses purchased from third parties are initially recorded at cost. Costs directly associated with the production of internally developed software, where it is probable that the software will generate future economic benefits, are recognised as intangible assets. Computer software licenses are amortized over 3 to 4 years.

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

## 2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.3 Material accounting policy information (continued)

#### Leases

The Group 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.

#### *Group as a lessee*

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

#### *i) Right-of-use assets*

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

#### *ii) Lease liabilities*

At the commencement date of the lease, the Group 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. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### *iii) Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and 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 to be 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.

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

## 2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.3 Material accounting policy information (continued)

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each inventory items to its present location and condition and is calculated on the following basis:

Raw materials, spares and consumables	- purchase cost on a weighted average basis.
Work in progress and finished goods	- cost of direct materials and labour plus attributable overheads based on normal level of activity.
Goods in transit	- cost of direct materials which are under shipment and for which risks and rewards have been passed to the Group

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Allowance for obsolescence are maintained for any obsolete inventories.

#### **Cash and cash equivalents**

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consists of bank balances, cash on hand and short-term deposits that are readily convertible into known amounts of cash and have maturities of three months or less when purchased.

#### **Financial instruments**

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 other comprehensive income (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 Group's business model for managing them. At initial recognition, financial assets are measured at their fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. In the case of financial assets not at fair value through profit or loss, its fair value including transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability is the initial recognition amount.

##### *Subsequent measurement*

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

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

The Group measures financial asset at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables and amounts due from a related party.

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

## 2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.3 Material accounting policy information (continued)

#### Financial instruments (continued)

##### *Financial assets (continued)*

##### *Subsequent measurement (continued)*

##### *Financial assets at fair value through OCI (debt instruments)*

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. Currently, the Group does not have any financial instruments valued at fair value through OCI.

##### *Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. The Group currently does not have any financial instruments designated at fair value under this category.

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

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss. The Group currently does not have any financial instruments designated at fair value under this category.

##### *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 consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group 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 Group 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 Group could be required to repay.

##### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the consolidated 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.

##### *Impairment*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The Group applies IFRS 9 simplified approach for measuring ECL, which uses a lifetime expected loss allowance.

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

## 2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.3 Material accounting policy information (continued)

#### Financial instruments (continued)

##### *Financial assets (continued)*

##### *Impairment (continued)*

The expected loss rates are based on the payment profiles of receivables at each reported period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified Gross Domestic Product ("GDP") of KSA (the country in which it sells goods and renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment (e.g., unemployment, GDP growth, inflation, profit rates and house prices) and economic forecasts obtained through internal and external sources.

For trade receivables and contract assets relating to government agencies and related parties, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the due balances are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the due balances.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD): the likelihood of a default over a particular time horizon
- Loss given default (LGD): This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.
- Exposure at default (EAD): This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Group considers default when, i) the customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or ii) the customer is more than 360 days past due on any material credit obligation to the Group, apart for the receivable from customers relates to Government of KSA or related parties where the probability of default considered insignificant.

##### *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

#### *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 Group's financial liabilities include trade payables, lease liabilities, amounts due to related parties and other payables.



# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

## 2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.3 Material accounting policy information (continued)

#### Financial instruments (continued)

##### *Financial liabilities (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 include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Group has not designated any financial liability as at fair value through profit or loss.

After initial recognition, interest-bearing loans and borrowings (if any) are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

##### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. 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 consolidated statement of profit or loss.

#### Business combination and goodwill

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

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

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

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

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

## 2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.3 Material accounting policy information (continued)

#### **Business combination and goodwill (continued)**

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

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained. When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognised in the consolidated statement of profit or loss.

#### **Impairment of non-financial assets**

The Group 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. Except for goodwill, 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. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. Impairment loss recorded against the carrying value of goodwill is not reversed in subsequent periods.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill at each reporting date.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

## 2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.3 Material accounting policy information (continued)

#### **Statutory reserve**

In accordance with the Parent Company's articles of association, the Company must set aside 10% of its income after zakat and tax in each year until it has built up a reserve equal to 30% of its capital. The reserve is not available for distribution.

The New Companies Law entered into effect on 19 January 2023 corresponding to 26 Jumada Al-Alkhirah 1444H removed the minimum statutory reserve requirement and the Parent Company has an option to create such a reserve.

#### **Dividends**

The Group 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 Group. As per provisions of Companies' Law, a distribution is authorised when it is approved by the partners. A corresponding amount is recognised directly in consolidated statement of changes in equity.

#### **Employee benefits liabilities**

##### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare, 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.

##### *Defined benefit plan*

The Group operates a defined benefit plan driven by the labour laws of the Kingdom of Saudi Arabia. The defined benefit plan is not funded. Valuation of the obligation under such scheme is carried out by an independent actuary based on the projected unit credit method. The costs relating to such scheme primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognised immediately in profit or loss as "employee costs" while unwinding of the liability at discount rates used are recorded as finance cost. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit liability resulting from scheme amendments or curtailments are recognised immediately in profit or loss as past service costs.

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation. The contributions are recognised as employees' benefits expense in the profit or loss when they are due.

The Group contributes a specific portion of salary of employees towards General Organization of Social Insurance ("GOSI") fund, which is a Kingdom's agency concerned with social insurance of employees in the Kingdom. During the year, the Group contributed SR 1.8 million (2023: SR 1.6 million) towards the fund.

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

## **2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

### **2.3 Material accounting policy information (continued)**

#### **Provisions**

##### *General*

Provisions are recognised when the Group 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 Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated 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 pre-tax 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.

##### *Onerous contracts*

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

##### *Warranty provisions*

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognised when the product is sold or the service is provided to the customer. The Group does not provide any extended warranties or maintenance contracts to its customers. Initial recognition is based on historical experience. The warranty provision is reviewed periodically and adjusted to reflect current estimates of the future costs of fulfilling warranty obligations.

#### **Trade payable**

Trade payables represent amounts owed by the Group for goods or services purchased from suppliers in the ordinary course of business. These are obligations to pay for goods or services that have been acquired from suppliers in the normal operating cycle. Trade payables are initially recognized when the Group enters into a contract or purchase order with a supplier for the acquisition of goods or services and are measured at the original invoice amount when the goods have been received or services rendered. Following initial recognition, trade payables are subsequently measured at amortized cost using the effective interest method. Given that trade payables are usually paid within a short period, their amortized cost typically approximates their nominal amount.

#### **Contingent liabilities**

A contingent liability is a possible obligation which may arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. If the amount of the obligation cannot be measured with sufficient reliability, then the Group does not recognise the contingent liability but discloses it in the financial statements.

#### **Financial guarantee contracts**

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value adjusted for transaction costs that are directly attributable to the issuance of the guarantee. The fair value of financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation.

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

## 2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.3 Material accounting policy information (continued)

#### **Direct and indirect taxes and zakat**

##### *Zakat*

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

##### *Current income tax*

Current income tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax is recognised in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part, of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax is recognised in consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income.

##### *Withholding tax*

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia, as required under Saudi Arabian Income Tax Law and settle to the Zakat, Tax and Customs Authority (ZATCA).

##### *Value added tax*

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 value added tax receivable from, or payable to, the taxation authority is included as part of receivable or payables in the consolidated statement of financial position.

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

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or,
- Cash or 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.

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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At 31 March 2024

## 2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.3 Material accounting policy information (continued)

#### Current versus non-current classification (continued)

A liability is current when:

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

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### Revenue from contract with customers

The Group assembles and sells a range of cold storages and chiller units and provide related repair & maintenance services. In addition, the Group also constructs unmovable cold storage rooms. The Group uses five step model from *IFRS 15: Revenue from Contract with Customers*, for recognition of revenue, as listed below:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

#### a) Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Group 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 equipment, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

In general the contracts for the sale of goods do not provide customers with a right of return and volume rebates. Accordingly, the application of the constraint on variable consideration did not have any impact on the revenue recognised by the Group.

The Group provides normal warranty provisions for general repairs and services for one to two years on its certain products, in line with industry practice. A liability for potential warranty claims is recognised at the time the product is sold. The Group does not provide any extended warranties or maintenance contracts to its customers.

#### b) Rendering of services

The Group provides repair and maintenance services to its customer. These services can be obtained from other providers and do not significantly customise or modify the equipment. The Group recognises revenue from these services at a point in time, generally upon completion of the service or delivery of the equipment.

#### c) Revenue from long-term contracts

For lump sum fixed-price contracts for unmovable cold storage rooms construction, the Group measures progress and recognises revenue using the full cost method, based on the actual cost of work performed at end of the reporting period as a percentage of total contract costs at completion once the outcome of a contract can be estimated reliably. When the outcome of a contract cannot be estimated reliably, contract revenues are recognised only to the extent of costs incurred that are expected to be recoverable. The 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 Group and the Group has the enforceable rights to receive the consideration.

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

## 2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.3 Material accounting policy information (continued)

#### *c) Revenue from long-term contracts (continued)*

At contract inception, the Group considers the following factors to determine whether the contract contains a single performance obligation or multiple performance obligations:

- it provides a significant service of integrating the goods or services with other goods or services promised in the contract into a bundle of goods or services that represent the combined output or outputs for which the customer has contracted.
- one or more of the goods or services significantly modifies or customises, or are significantly modified or customised by, one or more of the other goods or services promised in the contract.
- the goods or services are highly interdependent or highly interrelated.

Contract modifications, e.g., variation orders, are accounted for as part of the existing contract, with a cumulative catch up adjustment to revenue. For material contract modifications a separate contract may be recognised, based on management's assessment of the following factors:

- the scope of the contract increases because of the addition of promised goods or services that are distinct; and
- the price of the contract increases by an amount of consideration that reflects the Group's stand-alone selling prices of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract.

Variable consideration (e.g., variation orders) are assessed/re-assessed using the expected value approach, as appropriate, at each reporting date where it is considered highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. In performing the assessment, the Group considers the likelihood of such settlement being made by reference to the contract, customer communications and other forms of documentary evidence.

An onerous contract provision is recognised for all losses expected to arise on completion of contracts entered into at the reporting date, whether or not work has commenced on these contracts.

Advance payments received from customers for fixed-price contracts are structured primarily for reasons other than the provision of finance to the Group, (e.g., procurement costs), and they do not provide customers with an alternative to pay in arrears. In addition, the length of time between when the customer settles amounts to which the Group has an unconditional right to payment and the Group transfers goods and services to the customer is generally relatively short. Therefore, the Group has concluded that there is not a significant financing component within such contracts.

Currently, the Group does not have any contracts where payments by a customer are over several years after the Group has transferred goods and services to the customer; if such cases arise in future the transaction price for such contracts will be determined by discounting the amount of promised consideration using an appropriate discount rate.

#### **Contract balances**

##### *Contract assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs its obligations to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance, classified as "contract assets".

##### *Trade receivables*

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due) (refer trade receivable policy).

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

## 2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.3 Material accounting policy information (continued)

#### *Contract balances (continued)*

##### *Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group satisfies the performance obligation, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).

Contract liabilities are recognised as revenue when the Group performs its obligations under the contract. Where the amount billed to the customer exceeds the amount of revenue recognised, this gives rise to a contract liability which is classified as “billings in excess of value of work executed”.

#### **Foreign currencies transactions and balances**

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in consolidated statement of profit or loss).

#### **Cost and expenses**

##### *Cost of revenue*

Cost of revenue represents the cost incurred during the period relates to the revenue activities by the Group and contain principally direct labor, direct material, allocated cost that directly relates to the sale of goods or contract activities, the cost that are explicitly chargeable to the customer under the contract and other cost that are incurred by the Group only because the entity entered into the respective contract and recognize on accrued basis.

##### *General and administration expenses/selling and distribution expenses*

Selling and distribution expenses are those that specifically relate to salesmen, sales department, advertising and promotion, etc. All other operating expenses which are not directly related to the contract executed or goods sold are recognized under general and administration expenses. These also include allocations of general overheads which are not specifically attributed to cost of revenue.

The allocation of overheads between cost of revenue, general & administration expenses and selling & distribution expenses, where required, is made on the factors determined by the management and applied on a consistent basis.

#### **Other income**

The Group recognizes other income when it is probable that future economic benefits will flow to the Group and these benefits can be measured reliably. Other income is measured at the fair value of the consideration received or receivable and recognized on accrual basis in accordance with the terms of the agreements. Other income that is incidental to the Group's business model is recognised as income as it is earned or accrued.



# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

## 2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.3 Material accounting policy information (continued)

#### Earnings per share

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

#### 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 most advantageous market must be accessible by the Group. 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 from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is 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; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Group 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.

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

## **2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

### **2.4 New and amended standards and interpretations**

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### ***IFRS 17 Insurance Contracts***

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Group's financial statements.

#### ***Definition of Accounting Estimates - Amendments to IAS 8***

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's financial statements.

#### ***Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2***

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition, or presentation of any items in the Group's financial statements.

#### ***Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12***

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's financial statements.

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

## 2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.4 New and amended standards and interpretations (continued)

#### *International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12*

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group's financial statements.

### 2.5 Standards issued but not yet effective

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

#### *Amendments to IFRS 16: Lease Liability in a Sale and Leaseback*

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

#### *Amendment to IAS 1: Classification of Liabilities as Current or Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice.

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

## 2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.5 Standards issued but not yet effective (continued)

#### *Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7*

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:

Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed. The amendments are not expected to have a material impact on the Group's financial statements.

## 3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the Group'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 Group's exposure to risks and uncertainties includes:

Capital management	Note 27
Financial instruments and risk management objectives and policies	Note 24
Sensitivity analyses disclosures	Notes 24 and 10

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

### **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 Group based its estimates and assumptions 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 Group. Such changes are reflected in the assumptions when they occur.

#### *Satisfaction of performance obligations*

The Group 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 Group 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 contracts with the customers (for the construction of unmovable cold storage rooms), the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. Further, the services provided under these contracts are satisfied over time rather than at a point in time since the customer simultaneously receives and consumes the benefits provided by the Group. Based on this, the Group recognises revenue over time.

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

#### 3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (CONTINUED)

##### **Estimates and assumptions (continued)**

###### ***Satisfaction of performance obligations (continued)***

For the revenue on sale of goods and maintenance services, the Group has assessed that based on the delivery arrangements entered into with the customer and the provisions of relevant laws and regulations, the Group creates an asset with an alternative use to the Group and usually does not have an enforceable right to payment for performance completed to date. Based on this, the Group recognises revenue at point in time i.e. on the delivery of goods or services to customer.

###### ***Cost to complete the contracts***

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include, amongst other items, the manpower costs, material and parts, other overhead, 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 may affect the results of the subsequent periods.

###### ***Provision for expected credit losses***

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. At every reporting date, the historical 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 Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

###### ***Defined benefit plans***

The cost of the defined benefit plan (end of service benefits) and the present value of the future obligation 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, etc. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. 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 Saudi Government bond/sukuk yield. Future salary increases are based on expected future inflation rates and historical data.

###### ***Impairment of non-financial assets***

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

#### 3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (CONTINUED)

##### Estimates and assumptions (continued)

###### *Leases - Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as when the Group do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

###### *Taxes*

Deferred tax assets are recognised for temporary differences to the extent that it is probable that taxable profit will be available in the future against which the assets can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

###### *Useful lives of property and equipment*

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

###### *Impairment of inventories*

Inventory is stated at the lower of cost and net realizable value. When inventory becomes old or obsolete, an estimate is made for the net realizable value. For individually significant amounts, this estimate is made on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of aging, obsolescence, physical deterioration and change in demand and goods pricing.

###### *Provisions*

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

###### *Judgements*

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

###### *Determining the lease term of contracts with renewal and termination options – Group as lessee*

The Group 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.

The Group has certain lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. 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 customisation to the leased asset).

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

**4 PROPERTY AND EQUIPMENT**

	<i>Land</i> <i>SR</i>	<i>Buildings</i> <i>SR</i>	<i>Heavy machinery and equipment</i> <i>SR</i>	<i>Tools and other equipment</i> <i>SR</i>	<i>Furniture and fixtures</i> <i>SR</i>	<i>Motor Vehicles</i> <i>SR</i>	<i>Computer equipment</i> <i>SR</i>	<i>Work-in- progress*</i> <i>SR</i>	<i>Total</i> <i>SR</i>
<b>Cost</b>									
At 1 April 2022	-	37,879,213	38,247,412	2,072,003	5,041,148	5,558,213	4,975,157	2,322,304	96,095,450
Additions	-	514,394	435,316	152,165	215,886	126,600	166,852	4,841,295	6,452,508
Disposal	-	-	-	-	-	(87,400)	-	-	(87,400)
Write-off	-	(694,525)	(1,869,910)	(124,932)	(36,386)	-	(1,671,271)	-	(4,397,024)
Transfer	-	-	1,250,000	-	-	-	-	(1,250,000)	-
At 31 March 2023	-	37,699,082	38,062,818	2,099,236	5,220,648	5,597,413	3,470,738	5,913,599	98,063,534
Additions	12,673,000	427,917	877,222	236,313	422,433	245,000	237,010	1,693,140	16,812,035
Write-off	-	(45,000)	(2,979,793)	(29,108)	(77,863)	(94,001)	-	-	(3,225,765)
Transfer	-	2,349,063	2,786,895	-	1,464,276	-	-	(6,600,234)	-
<b>At 31 March 2024</b>	<b>12,673,000</b>	<b>40,431,062</b>	<b>38,747,142</b>	<b>2,306,441</b>	<b>7,029,494</b>	<b>5,748,412</b>	<b>3,707,748</b>	<b>1,006,505</b>	<b>111,649,804</b>
<b>Accumulated depreciation</b>									
At 1 April 2022	-	25,037,894	34,961,950	1,921,233	3,807,056	5,024,560	4,103,560	-	74,856,253
Charge for the year	-	1,064,502	1,123,332	77,260	549,264	161,622	369,304	-	3,345,284
Disposal	-	-	-	-	-	(87,400)	-	-	(87,400)
Write-off	-	(694,525)	(1,869,910)	(124,932)	(36,386)	-	(1,671,271)	-	(4,397,024)
At 31 March 2023	-	25,407,871	34,215,372	1,873,561	4,319,934	5,098,782	2,801,593	-	73,717,113
Charge for the year	-	1,053,525	895,615	89,144	385,944	188,800	328,619	-	2,941,647
Write-off	-	(45,000)	(2,979,793)	(29,108)	(77,863)	(94,000)	-	-	(3,225,764)
<b>At 31 March 2024</b>	<b>-</b>	<b>26,416,396</b>	<b>32,131,194</b>	<b>1,933,597</b>	<b>4,628,015</b>	<b>5,193,582</b>	<b>3,130,212</b>	<b>-</b>	<b>73,432,996</b>
<b>Net book value</b>									
<b>31 March 2024</b>	<b>12,673,000</b>	<b>14,014,666</b>	<b>6,615,948</b>	<b>372,844</b>	<b>2,401,479</b>	<b>554,830</b>	<b>577,536</b>	<b>1,006,505</b>	<b>38,216,808</b>
31 March 2023	-	12,291,211	3,847,446	225,675	900,714	498,631	669,145	5,913,599	24,346,421

\* Work-in-progress represents improvement costs on production facilities and machineries under installations.

**CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At 31 March 2024

**4 PROPERTY AND EQUIPMENT (continued)**

The depreciation charge for the year has been allocated as follows:

	<i>Notes</i>	<b>2024 SR</b>	<b>2023 SR</b>
Cost of revenue	17	<b>2,093,090</b>	2,601,858
General and administration expenses	18	<b>712,753</b>	614,894
Selling and distribution expenses	19	<b>135,804</b>	128,532
		<b><u>2,941,647</u></b>	<b><u>3,345,284</u></b>

**5 INTANGIBLE ASSETS**

	<b>2024 SR</b>	<b>2023 SR</b>
<i>Software</i>		
<i>Cost</i>		
Balance at the beginning of the year	<b>2,263,649</b>	1,722,249
Additions	<b>527,368</b>	541,400
Balance at the end of year	<b><u>2,791,017</u></b>	<b><u>2,263,649</u></b>
<i>Accumulated amortization</i>		
Balance at the beginning of the year	<b>1,642,940</b>	1,479,647
Charge for the year	<b>223,684</b>	163,293
Balance at the end of year	<b><u>1,866,624</u></b>	<b><u>1,642,940</u></b>
<i>Net book value</i>	<b><u>924,393</u></b>	<b><u>620,709</u></b>

**6 INVENTORIES**

	<b>2024 SR</b>	<b>2023 SR</b>
Goods held for sale	<b>43,452,609</b>	23,437,660
Raw materials	<b>28,747,885</b>	27,880,515
Spare parts and consumables	<b>12,098,944</b>	13,394,814
Work in progress	<b>7,082,803</b>	6,450,158
Goods in transit	<b>633,592</b>	6,771
	<b><u>92,015,833</u></b>	<b><u>71,169,918</u></b>
Less: provision for slow moving items	<b><u>(11,016,494)</u></b>	<b><u>(11,332,086)</u></b>
	<b><u>80,999,339</u></b>	<b><u>59,837,832</u></b>

The summary of movement in provision for slow moving inventories are as follows:

	<b>2024 SR</b>	<b>2023 SR</b>
At the beginning of the year	<b>11,332,086</b>	10,942,280
Charge during the year	<b>-</b>	750,000
Written off during the year	<b>(315,592)</b>	(360,194)
At the end of the year	<b><u>11,016,494</u></b>	<b><u>11,332,086</u></b>



# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

#### 7 TRADE RECEIVABLES

	2024 SR	2023 SR
Trade receivables	115,053,284	68,897,090
Less: allowance for expected credit losses	(9,433,329)	(7,801,890)
	<u>105,619,955</u>	<u>61,095,200</u>

The movement in the allowance for expected credit losses is as follows:

	2024 SR	2023 SR
At the beginning of the year	7,801,890	6,819,911
Charge for the year	1,722,058	984,079
Written off during the year	(90,619)	(2,100)
At the end of the year	<u>9,433,329</u>	<u>7,801,890</u>

Trade receivables are interest free and the normal credit terms of the Group is 30 to 90 days.

Unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and vast majority are, therefore, unsecured.

Note 24 (a) includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

#### 8 PREPAYMENTS AND OTHER CURRENT ASSETS

	2024 SR	2023 SR
Advances to suppliers	14,804,350	2,890,621
Refundable deposits	2,574,230	2,766,868
Advances to employees	2,325,701	1,724,471
Margin deposits with bank	1,468,052	1,987,600
Prepaid expenses	1,000,111	749,892
Others	651	2,209
	<u>22,173,095</u>	<u>10,121,661</u>

#### 9 CASH AND CASH EQUIVALENTS

	2024 SR	2023 SR
Cash at banks	18,574,220	22,408,964
Cash in hand	178,418	184,984
	<u>18,752,638</u>	<u>22,593,948</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At 31 March 2024

**9 CASH AND CASH EQUIVALENTS (continued)**

Reconciliation of liabilities arising from financing activities:

	<i>At 1 April 2023 SR</i>	<i>Cashflows SR</i>	<i>Others SR</i>	<i>At 31 March 2024 SR</i>
Lease liabilities	1,634,406	(845,984)	352,780	1,141,202
Dividends payable	-	(21,839,676)	21,839,676	-
Total financing activities	<u>1,634,406</u>	<u>(22,685,660)</u>	<u>22,192,456</u>	<u>1,141,202</u>

31 March 2023

	<i>At 1 April 2022 SR</i>	<i>Cashflows SR</i>	<i>Others SR</i>	<i>At 31 March 2023 SR</i>
Lease liabilities	2,412,930	(1,028,926)	250,402	1,634,406
Dividends payable	-	(3,071,402)	3,071,402	-
Total financing activities	<u>2,412,930</u>	<u>(4,100,328)</u>	<u>3,321,804</u>	<u>1,634,406</u>

**10 EMPLOYEES' DEFINED BENEFIT LIABILITIES**

The Group operates a non-funded employees' terminal benefit plan, which is classified as defined benefit liabilities under IAS 19 'Employee Benefits'. The benefit is mandatory for all Saudi Arabian based employees under the Saudi Arabian labour law and also under the Group's policies applicable to employees' accumulated period of service and payable upon termination, resignation or retirement. The Group's net obligation in respect of employees' defined benefits is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior years. This amount is then discounted using an appropriate discount rate to determine the present value of the Group's net obligation.

**10.1 Changes in the present value of defined benefit liability**

	<i>2024 SR</i>	<i>2023 SR</i>
Balance as at beginning of the year	16,185,491	15,198,316
<i>Charges recognised in the consolidated statement of income and other comprehensive income for the year:</i>		
Interest cost	599,589	478,680
Current service cost	2,041,589	1,813,998
<i>Actuarial changes arising due to:</i>		
Financial assumptions	(98,324)	175,985
Experience assumptions	810,870	(95,786)
Benefits paid during the year	<u>(1,908,170)</u>	<u>(1,385,702)</u>
Balance as at end of the year	<u>17,631,045</u>	<u>16,185,491</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

**10 EMPLOYEES' DEFINED BENEFIT LIABILITIES (continued)**

**10.1 Changes in the present value of defined benefit liability (continued)**

**a. Sensitivity analysis**

The principal assumptions used in determining the post-employment defined benefit liability includes the following:

	2024	2023
Discount rate	4.99% to 5.01%	3.90% to 4.11%
Expected rate of salary increase	4.00%	3.00%
Rates of employee turnover	15%	15%
Mortality rates	A1949-52	A1949-52
Retirement assumption	60	60

A quantitative sensitivity analysis for significant assumptions as at 31 March 2023 and 31 March 2024 are shown below:

	2024 SR	2023 SR
<i>Discount rate:</i>		
1% increase	(737,104)	(671,763)
1% decrease	810,924	740,184
<i>Future salary increases</i>		
1% increase	744,969	679,787
1% decrease	(689,600)	(628,445)

The sensitivity analysis above has been based on a method that extrapolates the impact on the defined benefit obligation 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.

The following payments are expected against the defined benefit liability in future years:

	2024 SR	2023 SR
Within the next 12 months	4,084,265	4,027,195
Between 2 and 5 years	11,062,221	9,652,875
Beyond 5 years	27,719,060	20,732,498
	<b>42,865,546</b>	<b>34,412,568</b>

The average duration of the defined benefit plan liability at the end of the reporting period is 4.3 to 4.8 years (31 March 2023: 4.3 to 4.9 years).

**11 RELATED PARTIES BALANCES AND TRANSACTIONS**

Related parties represent partners, directors and key management personnel and entities controlled or significantly influenced by such parties.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At 31 March 2024

**11 RELATED PARTIES BALANCES AND TRANSACTIONS (continued)**

(a) Significant transactions with related parties during the year and significant year-end balances are as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Nature of transactions</i>	<i>2024 SR</i>	<i>2023 SR</i>
Al Saadi Refrigeration Air Conditioning	Fellow subsidiary	Sales	<b>3,773,333</b>	2,886,310
		Purchases	<b>73,949</b>	518,850
		Expenses paid on behalf	<b>410,984</b>	230,506
Key management personnel		Salaries and other benefits	<b>8,569,017</b>	6,919,092
		Terminal benefits	<b>634,817</b>	224,116

In addition to above, as mentioned in the note 23, a partner of the Company has transferred two plots of land at free of cost to the Group during the year (see note 23). The same has been recognized by the Company at fair value as additional contribution by the partners. Further, the Company incurred certain expenses on behalf of the partners as well as the partners incurred certain expenses on behalf of the Company and charge back at cost.

(b) The breakdown of amounts disclosed in the consolidated statement of financial position is as follows:

*Amounts due from a related party presented under current assets:*

	<i>2024 SR</i>	<i>2023 SR</i>
Al Saadi Refrigeration Air Conditioning	<b><u>906,142</u></b>	<b><u>653,663</u></b>

*Amounts due to related parties presented under current liabilities:*

	<i>2024 SR</i>	<i>2023 SR</i>
GK Gruenfelder International AG	<b>341,911</b>	384,263
Darat Esmat Al Saady Holding Company	<b><u>119,993</u></b>	<b><u>224,954</u></b>
	<b><u>461,904</u></b>	<b><u>609,217</u></b>

*Terms and conditions of transactions with related parties*

Pricing policies and terms of payment for the transactions with the related parties are approved by the Group's management. There have been no guarantees provided or received for any related party receivables or payables and the outstanding balances are interest free. As of 31 March 2024, the Group has not recorded any impairment loss relating to amounts owed by related parties (31 March 2023: same). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

#### 12 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2024 SR	2023 SR
Employees related accruals	9,195,944	7,150,835
VAT payable	5,289,985	1,323,212
Accrued expenses	2,527,717	2,053,647
Sales commission payable	2,472,993	2,491,278
Provision for warranties	1,980,174	1,478,420
Payables against goods received but not invoiced	467,236	120,457
Interest accrual on lease liability	-	62,260
Others	196,051	99,568
	<u>22,130,100</u>	<u>14,779,677</u>

#### 13 CONTRACT LIABILITIES

	2024 SR	2023 SR
Advance from the customers	34,672,808	7,543,774
Billings in excess of value of work executed	20,476,043	18,054,358
	<u>55,148,851</u>	<u>25,598,132</u>

Billings in excess of value of work executed comprise of following:

	2024 SR	2023 SR
Progress billings received and receivable to date	78,852,928	50,795,481
Less: value of work executed to date	(58,376,885)	(32,741,123)
	<u>20,476,043</u>	<u>18,054,358</u>

#### 14 ZAKAT AND INCOME TAX

##### 14.1. Status of assessments of zakat and income tax

The Group files Zakat and Income Tax return of the Company and its subsidiaries on a standalone basis. The zakat and income tax charge represents the consolidated sum of zakat and income tax charge accrued by the Company and its subsidiaries at standalone financial statements level.

**Consolidated Gruenenfelder Saady Holding Company:** The Company has filed its tax/zakat returns till year ended 31 March 2023 with the Zakat, Tax and Customs Authority ("ZATCA"). However, the assessments have not yet been raised.

**Coldstores Group of Saudi Arabia:** Zakat and income tax assessment declarations up to and including the year ended 31 March 2023 have been submitted to the ZATCA. The ZATCA has issued assessment up to 2017 and the Company settled and finalised the assessment. The assessments for the years ended 31 March 2018 to 2023 are awaited.

**Consolidated Gruenenfelder Saady Company:** Zakat and income tax assessment declarations up to the year ended 31 March 2023 have been submitted to the ZATCA. The ZATCA has issued assessment up to 2015 and the Company settled and finalised. No assessments issued by ZATCA for remaining years.

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

#### 14 ZAKAT AND INCOME TAX (continued)

##### 14.1 Status of assessments of zakat and income tax (continued)

Zakat and income tax have been computed based on the Group's understanding and interpretation of zakat and income tax regulations enforced in the Kingdom of Saudi Arabia for respective entities. The ZATCA continues to issue circulars to clarify certain zakat and tax regulations which are usually enforced on all open years. The zakatable and taxable income and zakat/tax liability as computed by the Group could be different from zakatable/taxable income and zakat/tax liability as assessed by the ZATCA for years for which assessments have not yet been raised by the ZATCA.

##### 14.2 Zakat

###### Charge for the year

Zakat for the year is payable at 2.5% of the approximate zakat base and adjusted net income attributable to Saudi partners. The zakat charge relating to the ultimate Saudi partner consists of:

	2024 SR	2023 SR
Provision for the year	1,571,634	1,240,875
Adjustment relating to prior years	(28,150)	18,017
Charge for the year	<u>1,543,484</u>	<u>1,258,892</u>

##### 14.3 Income tax

###### Charge for the year

	2024 SR	2023 SR
Provision for the year	5,534,979	3,397,881
Adjustment relating to prior years	(4,512)	4,231
Charge for the year	<u>5,530,467</u>	<u>3,402,112</u>

Reconciliation of tax expense and the accounting profit is presented below:

	2024 SR	2023 SR
Profit before zakat and income tax	51,720,171	29,731,880
Adjustment for:		
Add:		
Accounting depreciation	3,165,331	3,508,577
Allowance for expected credit losses	1,722,058	984,079
Provision for slow moving inventories	-	750,000
Employee defined benefits liabilities	2,641,178	2,292,678
Provision for warranties	602,494	533,776
Others	2,549,176	1,819,009
Less:		
Tax depreciation	(4,736,290)	(3,884,259)
Write-off of inventories	(315,591)	(360,194)
Payment of employees' defined benefit liabilities	(1,908,170)	(1,385,702)
Write-off of trade receivables	(90,619)	-
Others	-	(11,032)
Adjusted profit for tax calculation	<u>55,349,792</u>	<u>33,978,812</u>
Adjusted profit relating to foreign shareholding for tax computation (50%)	<u>27,674,896</u>	<u>16,989,406</u>
Income tax charge for the year @ 20% (2023: 20%)	<u>5,534,979</u>	<u>3,397,881</u>

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

## (A MIXED LIMITED LIABILITY COMPANY)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

#### 14 ZAKAT AND INCOME TAX (continued)

##### 14.4 Effective income tax reconciliation is as follows:

	2024 SR	2024 %	2023 SR	2023 %
Accounting profit before zakat and income tax	<u>51,720,171</u>		<u>29,731,880</u>	
Profit subject to income tax as per foreign shareholding @50%	<u>25,860,086</u>		<u>14,865,940</u>	
Tax at applicable rates	<u>5,172,017</u>	<u>20%</u>	<u>2,973,188</u>	<u>20%</u>
Tax effect on taxable expenses to the accounting profit and non-deductible claims from accounting profit, net	358,450		428,924	
Relating to origination and reversal of temporary differences	<u>(402,734)</u>		<u>(290,048)</u>	
Tax charged during the year	<u>5,127,733</u>	<u>20%</u>	<u>3,112,064</u>	<u>21%</u>

##### 14.5 Movement in zakat and income tax provision is as follows:

	2024 SR			2023 SR		
	Zakat	Income tax	Total	Zakat	Income tax	Total
At the beginning of the year	996,153	96,022	1,092,175	804,371	2,366,840	3,171,211
Charge for the year	1,543,484	5,530,467	7,073,951	1,258,892	3,402,112	4,661,004
Advance income tax paid	-	(1,581,672)	(1,581,672)	-	(2,149,685)	(2,149,685)
Payments during the year	<u>(1,212,725)</u>	<u>(1,284,473)</u>	<u>(2,497,198)</u>	<u>(1,067,110)</u>	<u>(3,523,245)</u>	<u>(4,590,355)</u>
At the end of the year	<u>1,326,912</u>	<u>2,760,344</u>	<u>4,087,256</u>	<u>996,153</u>	<u>96,022</u>	<u>1,092,175</u>

##### 14.6 Deferred taxation

Deferred income taxes are calculated on all temporary differences under liability method using the effective tax rate. Deferred tax assets of the Group are attributable to the following:

	2024 SR	2023 SR
Provision for expected credit losses	943,334	670,189
Provision for slow moving inventories	1,101,650	1,133,209
Property and equipment	673,548	664,288
Provision for warranties	198,018	147,842
Employees' defined benefit liability	1,763,105	1,618,549
Others	<u>12,731</u>	<u>(15,680)</u>
	<u>4,692,386</u>	<u>4,218,397</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

**14 ZAKAT AND INCOME TAX (continued)**

**14.6 Deferred taxation (continued)**

Movement in deferred tax balances is as follows;

	<b>2024</b>	<b>2023</b>
	<b>SR</b>	<b>SR</b>
At the beginning of the year	<b>4,218,397</b>	3,920,330
Reversal in profit or loss	<b>402,734</b>	290,048
Reversal in other comprehensive income	<b>71,255</b>	8,019
At the end of the year	<b>4,692,386</b>	4,218,397

**15 RIGHT OF USE ASSETS AND LEASE LIABILITIES**

The Group leases land, buildings and staff accommodation facilities. The leases typically run for a period of 5 to 20 years, with an option to renew the lease after that date.

**a. Right-of-use assets**

The carrying amount of the right-of-use assets and movement during the year is as follows:

	<i>Land and buildings</i>
	<i>SR</i>
<b>Cost</b>	
As at 1 April 2022 and 2023	5,457,994
Modification during the year	272,912
<b>As at 31 March 2024</b>	<b>5,730,906</b>
<b>Accumulated depreciation</b>	
As at 31 March 2022	2,770,237
Depreciation charge	747,357
As at 31 March 2023	3,517,594
Depreciation charge	878,599
<b>As at 31 March 2024</b>	<b>4,396,193</b>
<b>Net book value</b>	
<b>As at 31 March 2024</b>	<b>1,334,713</b>
As at 31 March 2023	1,940,400

The depreciation charge has been allocated as follows:

	<b>2024</b>	<b>2023</b>
	<b>SR</b>	<b>SR</b>
Cost of revenue (note 17)	<b>867,073</b>	736,145
General and administration expenses (note 18)	<b>5,763</b>	5,606
Selling and distribution expenses (note 19)	<b>5,763</b>	5,606
	<b>878,599</b>	747,357



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

**15 RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)**

**b. Lease liabilities**

	2024 SR	2023 SR
As at 1 April	1,634,406	2,412,930
Modification during the year	272,912	-
Accretion of interest	79,868	250,402
Payments during the year	(845,984)	(1,028,926)
Balance at 31 March	<u>1,141,202</u>	<u>1,634,406</u>

Lease liabilities are presented in the financial position as follows:

	2024 SR	2023 SR
Current	100,758	580,184
Non-current	<u>1,040,444</u>	<u>1,054,222</u>
	<u>1,141,202</u>	<u>1,634,406</u>

Lease liabilities are payable as follows:

**31 March 2024**

	<i>Future minimum lease payments</i> SR	<i>Interest</i> SR	<i>Present value of minimum lease payments</i> SR
Less than one year	158,122	57,364	100,758
Between one and five years	652,348	173,729	478,619
More than five years	702,809	140,984	561,825
	<u>1,513,279</u>	<u>372,077</u>	<u>1,141,202</u>

**31 March 2023**

	<i>Future minimum lease payments</i> SR	<i>Interest</i> SR	<i>Present value of minimum lease payments</i> SR
Less than one year	654,371	74,187	580,184
Between one and five years	632,488	180,297	452,191
More than five years	880,792	278,761	602,031
	<u>2,167,651</u>	<u>533,245</u>	<u>1,634,406</u>

**c. Amounts recognised in profit or loss**

	2024 SR	2023 SR
Depreciation expense of right-of-use assets	878,599	747,357
Interest expense on lease liabilities	79,868	250,402
Expenses related to short term leases	623,324	370,495
	<u>1,581,791</u>	<u>1,368,254</u>

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At 31 March 2024

**15 RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)**

**d. Amounts recognised in the statement of cash flows**

The Group had total cash outflows for leases of SR 845,984 (2023: SR 1,028,926).

**16 REVENUE FROM CONTRACT WITH CUSTOMERS**

	2024 SR	2023 SR
<b>Type of goods or services</b>		
Sales of refrigeration/non-refrigeration bodies with cooling units	239,451,645	159,758,143
Installation and commissioning of cold stores	69,513,293	60,571,131
Servicing and repairs	40,182,312	36,515,987
<b>Total revenue</b>	<b>349,147,250</b>	<b>256,845,261</b>
	2024 SR	2023 SR
<b>Timing of revenue recognition</b>		
Revenue recognised at a point in time	279,633,957	196,274,130
Revenue recognised over time	69,513,293	60,571,131
	<b>349,147,250</b>	<b>256,845,261</b>
	2024 SR	2023 SR
<b>Customer wise revenue recognition</b>		
External customers	345,373,917	253,958,951
Related parties	3,773,333	2,886,310
	<b>349,147,250</b>	<b>256,845,261</b>
	2024 SR	2023 SR
<b>Geographical markets</b>		
Kingdom of Saudi Arabia	345,080,978	253,958,951
Out of Kingdom of Saudi Arabia	4,066,272	2,886,310
	<b>349,147,250</b>	<b>256,845,261</b>
<b>Contract balances</b>	2024 SR	2023 SR
Trade receivables (note 7)	105,619,955	61,095,200
Contract liabilities (note 13)	55,148,851	25,598,132

Contract liabilities represent billing in excess of value of work executed for ongoing cold storage projects and advances received from customers with respect of the sale of goods. Revenue recognised during the year that was included in the contract liability balance at the beginning of the period amounting to SR 23.68 million (2023: SR 24.11 million).

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

#### 17 COST OF REVENUE

	2024 SR	2023 SR
Raw materials, consumables, change in finished goods and other	220,408,981	163,470,398
Employees' related costs	32,987,216	26,328,596
Utilities	2,516,708	1,782,629
Repairs and maintenance	2,199,070	2,233,905
Depreciation of property and equipment (note 4)	2,093,090	2,601,858
Depreciation of right-of-use assets (note 15)	867,073	736,145
Rent	834,357	587,887
Warranty expense	435,652	347,281
Amortization	76,321	25,188
Charge of provision for slow moving inventories (note 6)	-	750,000
Others	2,892,498	2,142,031
	<b>265,310,966</b>	<b>201,005,918</b>

#### 18 GENERAL AND ADMINISTRATION EXPENSES

	2024 SR	2023 SR
Employees' related costs	14,831,177	12,958,571
Utilities	1,805,031	1,801,962
Allowance against refundable deposits	1,800,000	-
Legal, professional and consultancy fees	1,491,235	1,749,018
Depreciation of property and equipment (note 4)	712,753	614,894
Bank charges	459,058	430,415
Amortization	147,363	135,816
Repairs and maintenance	137,759	251,748
Government fees and subscriptions	85,165	-
Rent	51,249	5,796
Depreciation of right-of-use assets (note 15)	5,763	5,606
Others	2,262,564	1,199,517
	<b>23,789,117</b>	<b>19,153,343</b>

#### 19 SELLING AND DISTRIBUTION EXPENSES

	2024 SR	2023 SR
Employees' related costs	5,734,349	4,692,634
Sales commission	2,399,742	2,326,420
Advertisement and promotion	630,790	552,068
Depreciation of property and equipment (note 4)	135,804	128,532
Utilities	135,329	79,116
Depreciation of right-of-use assets (note 15)	5,763	5,606
Rent	-	11,667
Amortization	-	2,289
Others	346,742	154,210
	<b>9,388,519</b>	<b>7,952,542</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At 31 March 2024

**20 OTHER INCOME**

	<i>2024</i> <i>SR</i>	<i>2023</i> <i>SR</i>
Disbursements from human resource development fund	<b>1,268,568</b>	496,393
Exchange gain on financial transactions	<b>740,232</b>	329,161
Gains on sale of scrap materials	<b>640,432</b>	969,416
Claim received	<b>527,964</b>	-
Other miscellaneous income	<b>285,842</b>	431,107
Gains from disposal of property and equipment	-	13,042
Reversal of liability no longer payable	-	472,464
	<b><u>3,463,038</u></b>	<b><u>2,711,583</u></b>

**21 FINANCE COST**

	<i>2024</i> <i>SR</i>	<i>2023</i> <i>SR</i>
Accretion of finance costs on employees' defined benefit liabilities	<b>599,589</b>	478,680
Accretion of finance costs on lease liabilities	<b>79,868</b>	250,402
	<b><u>679,457</u></b>	<b><u>729,082</u></b>

**22 SHARE CAPITAL**

The share capital is divided into authorized, issued and fully paid 10,000 shares of SR 100 each as follows:

<i>Name of the owner</i>	<i>No. of shares</i>	<i>Percentage</i>	<i>31 March</i> <i>2024</i>	<i>31 March</i> <i>2023</i>
GK Gruenenfelder International AG	5,000	50%	<b>500,000</b>	500,000
Darat Esmat Bin Abdul-Samad Al Saady Holding Company	5,000	50%	<b>500,000</b>	500,000
	<b><u>10,000</u></b>	<b><u>100%</u></b>	<b><u>1,000,000</u></b>	<b><u>1,000,000</u></b>

**23 ADDITIONAL CAPITAL CONTRIBUTION**

On 17 March 2021, the Parent Company acquired 100% shareholding of Coldstores Group of Saudi Arabia against purchase consideration of SR 30 million, through a share transfer agreement among the joint owners of the two entities. The acquisition was treated as transaction under common control since the Company and Coldstores Group of Saudi Arabia are ultimately controlled by the same partners.

On 20 December 2021, the Parent Company acquired 100% shareholding of Consolidated Gruenenfelder Saady Company against purchase consideration of SR 11.7 million, through a share transfer agreement among the joint owners of the two entities. The acquisition is treated as transaction under common control since the Company and Consolidated Gruenenfelder Saady Company are ultimately controlled by the same partners.

Post-acquisition, the shareholders have waived their right to claim the principal and further waived their right to charge any interest on the principal amount. The waivers were in the capacity of shareholder and approved by the Company's shareholders. Accordingly, the waivers were recognized directly in the consolidated statement of changes in equity as additional capital contribution by the shareholders.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

#### 23 ADDITIONAL CAPITAL CONTRIBUTION (continued)

During the year, a partner of the Company has transferred two plots of freehold land to Coldstores Group of Saudi Arabia (a subsidiary) with no consideration. Further, the parent Company resolved to increase the capital of the subsidiary equivalent to the fair value of the land transferred. The fair value of the land has been arrived on the basis of a valuation exercise carried out by MFAZ Arabia Professional Consultancies, an independent valuer not related to the Group, holding license number 1210000011 and registered with Taqueem (Saudi Authority for Accredited Valuers). The fair value has been determined based on the market comparative approach that reflects recent transaction prices for similar properties. Accordingly, the same has been recognized as addition to the freehold land and as additional equity contribution by the partners. The legal formalities with respect of the transfer of ownership of the land were completed during the year.

#### 24 RISK MANAGEMENT

The Group may expose to certain risks from its use of financial instruments. The Group's management reviews and agrees policies for managing each of these risks which are summarised below;

- a) Credit risk
- b) Market risk, and
- c) Liquidity risk

The Group's management oversees the management of these risks. The Group's management regularly review the policies and procedures to ensure that all the financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Group's activities.

##### *a) Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables. At the reporting date, no significant concentrations of credit risk were identified by the management. With respect to credit risk arising from financial assets of the Group, including cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Key areas where the Group is exposed to credit risk are:

- Cash and cash equivalents
- Trade receivables
- Due from related parties

##### *Cash and cash equivalents*

The Group's bank balances are placed with reputable local banks having sound credit ratings. The Group believes that it would be able to realise its balances from these banks without any loss to the Group.

##### *Trade receivables*

The Group's exposure to credit risk is mainly affected by the individual characteristics of each individual customers. Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**24 RISK MANAGEMENT (continued)**

**a) Credit risk (continued)**

**Trade receivables (continued)**

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

Exposure within each credit risk grade are segmented by industry classification and an ECL rate is calculated based on delinquency status and actual credit loss experience over the past years. These rates are multiplied by scalar factors to reflect difference between economic conditions during the period over which historical data has been collected, current conditions and the Group views of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables for customers as at 31 March 2024 and 31 March 2023:

<b>31 March 2024</b>	<i>Credit loss rate</i> %	<i>Gross carrying amount</i> SR	<i>Loss allowance</i> SR	<i>Net trade receivables</i> SR
Not due	<b>0.40%</b>	<b>72,486,866</b>	<b>(287,791)</b>	<b>72,199,075</b>
0-90 days	<b>0.92%</b>	<b>23,176,100</b>	<b>(213,001)</b>	<b>22,963,099</b>
90-180 days	<b>4.01%</b>	<b>3,622,880</b>	<b>(145,411)</b>	<b>3,477,470</b>
180-270 days	<b>4.01%</b>	<b>703,047</b>	<b>(28,193)</b>	<b>674,854</b>
270-360 days	<b>17.79%</b>	<b>2,556,742</b>	<b>(454,829)</b>	<b>2,101,913</b>
More than 360 days	<b>66.39%</b>	<b>12,507,649</b>	<b>(8,304,104)</b>	<b>4,203,545</b>
		<b>115,053,284</b>	<b>(9,433,329)</b>	<b>105,619,955</b>
<b>31 March 2023</b>	<i>Credit loss rate</i> %	<i>Gross carrying amount</i> SR	<i>Loss allowance</i> SR	<i>Net trade receivables</i> SR
Not due	0.32%	31,563,721	(102,251)	31,461,470
0-90 days	0.92%	19,223,152	(176,052)	19,047,100
90-180 days	2.89%	6,592,120	(190,769)	6,401,351
180-270 days	8.42%	3,847,856	(323,988)	3,523,868
270-360 days	26.72%	38,100	(10,183)	27,917
More than 360 days	91.70%	7,632,141	(6,998,647)	633,494
		<b>68,897,090</b>	<b>(7,801,890)</b>	<b>61,095,200</b>

**Due from related parties**

The Group's substantial sales are made to external customers and certain revenue transactions are carried out with related parties. The Group manages its credit risk with respect to balances due from related parties and the outstanding balances are reviewed by the Group's Board of Directors on regular basis to minimise the concentration of risks and therefore mitigate financial loss through a related party's potential failure to make payments. Based on the management assessment, the related party balances are expecting to be realized without any loss to the Group.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

**24 RISK MANAGEMENT (continued)**

**b) Market risk**

Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates, will affect the Group's profit or loss. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

**Interest rate risk**

Interest rate risk arises from the possibility that the changes in interest rates will affect either the fair values or the future cash flows of the financial instruments. In the absence of any material interest carrying assets or liabilities, the Management believes that the interest rate risk to the Group is not significant.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency). The Group is subject to fluctuations in foreign exchange rates for GBP and EUR.

The risk of fluctuation in the USD is low as historically USD does not fluctuate against Saudi Riyal significantly. The currency risk is monitored at the Group level. As the amounts of transactions and outstanding balances relates to Euro and GBP are very minimal, there is no significant currency risk exposure to the Group in relation to the balances and transactions in these currencies.

At the period end, the Group has exposure to the following foreign currencies:

<i>Foreign currencies</i>	<b>2024</b> <b>SR</b>	<b>2023</b> <b>SR</b>
United States Dollar (USD)	<b>(34,076,964)</b>	(28,908,977)
Euro	<b>1,378,292</b>	156,949

**Sensitivity Analysis:**

A reasonably possible strengthening / weakening of the SAR against US dollar and Euro at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and profit or loss by the amounts shown below.

<i>Foreign currencies</i>	<b>2024</b>		<b>2023</b>	
	<b>1% increase</b>	<b>1% decrease</b>	<b>1% increase</b>	<b>1% decrease</b>
United States Dollar (USD)	<b>(340,971)</b>	<b>340,971</b>	(289,090)	289,090
Euro	<b>13,783</b>	<b>(13,783)</b>	15,695	(15,695)

**c) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

#### 24 RISK MANAGEMENT (continued)

##### c) Liquidity risk (continued)

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The table below summarises the maturity profile of the Group's financial liabilities (other than lease liabilities) based on contractual undiscounted payments. Trade payables are non-interest bearing and are normally settled on 30 to 90 days terms. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For the maturity profile on the lease liabilities, please refer to note 15.

##### As at 31 March 2024

	Up to 3 months SR	More than 3 months to 1 year SR	Total SR
Trade payables	57,295,428	989,469	58,284,897
Other payables	5,474,986	9,384,955	14,859,941
Due to related parties	77,580	384,324	461,904
	<u>62,847,994</u>	<u>10,758,748</u>	<u>73,606,742</u>

##### As at 31 March 2023

	Up to 3 months SR	More than 3 months to 1 year SR	Total SR
Trade payables	43,923,277	2,112,629	46,035,906
Other payables	1,261,141	10,716,904	11,978,045
Due to related parties	223,727	385,490	609,217
	<u>45,408,145</u>	<u>13,215,023</u>	<u>58,623,168</u>

#### 25 FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group's financial assets consist of cash and cash equivalents, due from related parties, trade and other receivables. Its financial liabilities consist of due to related parties, payables, lease liabilities, and other liabilities. The fair values of financial assets and liabilities which are valued at original transaction value, are not expected to be materially different from their carrying values.

Financial assets and liabilities are offset and net amounts reported in the financial statements, when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and liability simultaneously.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities by category of financial instruments. It does not include fair value information for financial assets and financial liabilities since the carrying amount of financial assets and liabilities held by the Group approximates fair value.



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**25 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**

**Financial assets and liabilities**

	Notes	2024 SR	2023 SR
<i>Financial assets</i>			
<i>Financial assets at amortized cost</i>			
Trade receivables	7	105,619,955	61,095,200
Amounts due from a related party	11	906,142	653,663
Cash and cash equivalents	9	18,752,638	22,593,948
		<u>125,278,735</u>	<u>84,342,811</u>
<i>Financial liabilities</i>			
Trade payable		58,284,897	46,035,906
Amounts due to related parties	11	461,904	609,217
Accruals and other payables	12	14,859,941	11,978,045
Lease liabilities	15	1,141,202	1,634,406
		<u>74,747,944</u>	<u>60,257,574</u>

**26 DIVIDENDS DISTRIBUTION**

During the year, the partners of the Company resolved to distribute cash dividends of SR 2,000 per share totaling to SR 20,000,000 and SR 367.93 per share totaling to SR 1,839,676 for the partners of the Company (2023: the partners resolved to distribute dividends of SR 614.28 per share totaling to SR 3,071,402). The dividends were fully settled during the year.

**27 CAPITAL MANAGEMENT**

For the purpose of the Group's capital management, capital includes capital, addition equity contribution, statutory reserve and retained earnings attributable to the partners of the Group. The primary objective of the Group's capital management is to maximise the shareholders' value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the owner. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 2023. The Group's debt to adjusted capital ratio at the end of the reporting year as follows:

	2024 SR	2023 SR
Total liabilities	158,885,255	105,935,004
Less: cash and cash equivalents	(18,752,638)	(22,593,948)
Net debt	<u>140,132,617</u>	<u>83,341,056</u>
Total equity	<u>114,734,214</u>	<u>79,493,227</u>
Net debt to capital ratio as of 31 March	<u>1.22</u>	<u>1.05</u>

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**28 EARNINGS PER SHARE**

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to the partners of the Company by the weighted average number of outstanding shares during the year as follows:

	<b>2024</b>	<b>2023</b>
	<b>SR</b>	<b>SR</b>
Profit for the year attributable to the partners of the Company	<b>45,048,954</b>	25,360,924
Number of outstanding shares during the year	<b>10,000</b>	10,000
Basic and diluted earnings per share attributable to the partners of the Company	<b>4,504.90</b>	2,536.09

**29 COMPARATIVE FIGURES**

Certain of comparative figures have been reclassified to conform with the classification and presentation used for current year. However, such reclassifications have not resulted in any impact on equity or profit reported for the year ended 31 March 2023. Summary of significant items reclassified in the statement of financial position as follows:

	<i>As reported</i> <b>2023</b>	<i>Reclassification</i>	<i>As reclassified</i> <b>2023</b>
	<b>SR</b>	<b>SR</b>	<b>SR</b>
Trade receivables	54,219,017	6,876,183	61,095,200
Contract liabilities	(18,721,949)	(6,876,183)	(25,598,132)
General and administrative expenses	19,211,544	(58,201)	19,153,343
Finance cost	670,881	58,201	729,082

**30 SUBSEQUENT EVENTS**

No matter has occurred up to and including the date of the approval of the consolidated financial statements by the Board of Directors of the Group which could materially affect the consolidated financial statements and the related disclosures for the year ended 31 March 2024.

**31 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements have been approved by the Board of Directors on 14 Rabi Al-Awwal 1446H, corresponding to 17 September 2024.