

**United Maintenance and Contracting
Company (UNIMAC)
(Foreign Limited Liability Company)
Riyadh – Saudi Arabia
Financial Statements and
Independent Auditors' Report
For the year ended December 31, 2022**

United Maintenance and Contracting Company (UNIMAC)
(Foreign Limited Liability Company)
Riyadh – Saudi Arabia
Financial Statements and Independent Auditor’s Report
For the year ended December 31, 2022

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ASSOCIATED ACCOUNTANTS

Homoud Al Robian and Co. - Certified Accountants and Consultants

Independent Auditors' Report

To, The Partners

United Maintenance and Contracting Company (UNIMAC)

(Foreign Limited Liability Company)

Riyadh - Saudi Arabia

Opinion:

We have audited the financial statements of **United Maintenance and Contracting Company (UNIMAC) - Foreign Limited Liability Company** ("the Company") which comprises of statement of financial position as of December 31, 2022 and the related statement of profit or loss and other comprehensive income, changes in partners' equity and cash flows for the year then ended and a summary of significant accounting policies and explanatory notes from 1 to 27, which are an integral part of these financial statements.

In our opinion, the financial statements referred to above in whole present fairly, in all material respects, the financial position as of December 31, 2022 and the results of its operations, its cash flows and changes in partners' equity for the year then ended are in accordance with International Financial Reporting Standard for small and medium-sized entities ("IFRS for SMEs") endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion:

We conducted our audit in accordance with the International Standards on Auditing ("ISAs") endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of professional conduct and ethical requirements that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters:

The company's financial statements for the year ending on December 31, 2021 were audited by another auditor, who expressed an unqualified opinion on those financial statements on May 11, 2022.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SMEs as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by ("SOCPA"), and the provisions of the Companies Regulations and for such internal controls as management determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.



ASSOCIATED ACCOUNTANTS

Homoud Al Robian and Co. - Certified Accountants and Consultants

Independent Auditors' Report (continued)

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of those financial statements.

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

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

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

We also provide those charged with governance with a statement that we have compiled with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought bear on our independence, and provide the relevant compliance controls if required.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of financial statements of the current year and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



ASSOCIATED ACCOUNTANTS

Homoud Al Robian and Co. - Certified Accountants and Consultants

Independent Auditors' Report (continued)

Report on Other Legal and Regulatory Requirements:

The Article 20 of the Regulations for Companies requires the auditor to include in his report any violation of the regulations of the Companies that were found during the audit.

The company has prepared the financial statements after the six months period from the end of the fiscal year of the Company as stated in the Regulations for Companies.

Except for the note listed above, nothing has come to our attention, based on the information that has been made available to us, causes us to believe that the Company is not in compliance, in all material respects, with the applicable requirements of the Regulations for companies in so far as the effect on the preparation and presentation of the financial statements.

Date: June 20, 2023
Riyadh, Kingdom of Saudi Arabia

Associated Accountants
Independent Member of Geneva Group International

Hamoud Ali Al-Rubian
(License No. 222)



United Maintenance and Contracting Company (UNIMAC)
(Foreign Limited Liability Company)
Statement of Financial Position
as of December 31, 2022
(All Amounts in Saudi Riyal)

	Note	2022	2021(Restated)
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	3	46,590,255	56,913,985
Accounts receivable, net	4	67,813,597	252,660,645
Inventory		5,176,901	7,227,918
Other financial assets	5	-	2,064,121
Prepayments and other receivables	6	96,526,156	78,559,641
Revenue recognized in excess of billings	7	44,785,305	118,021,695
Total current assets		<u>260,892,214</u>	<u>515,448,005</u>
Non-current assets:			
Property, plant and equipment, net	8	69,757,965	81,049,265
Due from related parties	16	24,583,159	-
Investment property	9	3,800,000	3,800,000
Total non-current assets		<u>98,141,124</u>	<u>84,849,265</u>
Total Assets		<u>359,033,338</u>	<u>600,297,270</u>
<u>Liabilities and Partners' Equity</u>			
Current liabilities:			
Due to banks		4,054,029	2,229,282
Account payables		37,092,922	106,927,900
Accruals and other payables	11	30,910,557	74,708,262
Short term loan	12	5,801,864	114,760,622
Long-term loan – current portion	14	-	8,755,958
Finance lease obligation – current portion	13	885,575	1,239,083
Tax provision	15	-	34,565,497
Due to related parties	16	3,114,722	3,822,780
Total current liabilities		<u>81,859,669</u>	<u>347,009,384</u>
Non-current liabilities:			
Employees' benefit obligation	17	7,340,242	6,396,020
Deferred tax liability	10	5,019,310	8,919,146
Finance lease obligations	13	-	823,815
Long term loans	14	-	5,618,001
Total non-current liabilities		<u>12,359,552</u>	<u>21,756,982</u>
Total Liabilities		<u>94,219,221</u>	<u>368,766,366</u>
Partners' equity:			
Capital	18	20,000,000	20,000,000
Statutory reserve		7,095,473	7,095,473
Revaluation surplus	19	21,580,576	24,281,103
Partners' additional contributions	20	25,000,000	25,000,000
Retained earnings		191,138,068	155,154,328
Total partners' equity		<u>264,814,117</u>	<u>231,530,904</u>
Total Liabilities and Partners' Equity		<u>359,033,338</u>	<u>600,297,270</u>

The accompanying notes from 1 to 27 are an integral part of these financial statements

United Maintenance and Contracting Company (UNIMAC)
(Foreign Limited Liability Company)
Statement of Profit or Loss and Other Comprehensive Income
for the year ended December 31, 2022
(All Amounts in Saudi Riyal)

	Note	2022	2021
Revenue	21	176,021,729	597,807,195
Cost of revenue	22	116,845,835	(394,467,313)
Gross profit		<u>59,175,894</u>	<u>203,339,882</u>
Operating Expenses:			
Marketing and selling expenses		(188,240)	(485,917)
General and administrative expenses	23	(16,620,187)	(22,706,945)
Provision for doubtful debts	4	(1,500,000)	-
Total operating expenses		<u>(18,308,427)</u>	<u>(23,192,862)</u>
Income from operating activities		<u>40,867,467</u>	<u>180,147,020</u>
Other Revenues and Gains (expenses and losses):			
Finance charges		(3,092,344)	(10,473,807)
Other revenue	24	602,675	155,717
Net Profit for the year before tax		<u>38,377,798</u>	<u>169,828,930</u>
Income tax – current portion	15	(8,402,238)	(41,936,263)
Deferred tax benefits		2,003,343	-
Net Profit for the Year		<u>31,978,903</u>	<u>127,892,667</u>
Other Comprehensive Income:			
Actuarial losses/gains on the valuation of employee benefit	17	(473,741)	123,369
Other Comprehensive Income		<u>(473,741)</u>	<u>123,369</u>
Total Comprehensive Income		<u>31,505,162</u>	<u>128,016,036</u>

The accompanying notes from 1 to 27 are an integral part of these financial statements

United Maintenance and Contracting Company (UNIMAC)
(Foreign Limited Liability Company)
Statement of Changes in Partners' Equity
for the year ended December 31, 2022
(All Amounts in Saudi Riyal)

	Capital	Statutory reserve	Revaluation surplus	Additional Contributions	Retained earnings	Total
2021						
Balance as of December 31, 2020	20,000,000	7,095,473	26,537,115	30,000,000	22,659,707	106,292,295
Net profit for the year	-	-	-	-	127,892,667	127,892,667
Other comprehensive income	-	-	-	-	123,369	123,369
Partner's additional contributions	-	-	-	(5,000,000)	-	(5,000,000)
Revaluation surplus	-	-	(2,256,012)	-	4,478,585	2,222,573
2022						
Balance as of December 31, 2021	20,000,000	7,095,473	24,281,103	25,000,000	155,154,328	231,530,904
Net profit for the year	-	-	-	-	31,978,903	31,978,903
Other comprehensive income	-	-	-	-	(473,741)	(473,741)
Total comprehensive income	-	-	-	-	31,505,162	31,505,162
Revaluation surplus	-	-	(2,700,527)	-	4,478,578	1,778,051
Balance as of December 31, 2022	20,000,000	7,095,473	21,580,576	25,000,000	191,138,068	264,814,117

The accompanying notes from 1 to 27 are an integral part of these financial statements

United Maintenance and Contracting Company (UNIMAC)
(Foreign Limited Liability Company)
Statement of Cash Flows
for the year ended December 31, 2022
(All Amounts in Saudi Riyal)

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Net profit for the year	38,377,798	169,828,930
Adjustments to reconcile net income to net cash flows generated from/(used in) operating activities:		
Depreciation of property and equipment	12,619,597	11,165,430
Depreciation of leased assets	-	44,803
Gain on disposal of property and equipment	(9,813)	(28,456)
Financing costs	-	10,473,807
End of service benefit – provided	2,003,343	-
	<u>52,990,925</u>	<u>191,484,514</u>
Changes in the components of working capital:		
Accounts receivable	184,847,048	(182,300,470)
Inventory	2,051,017	1,241,184
Prepayments and revenue recognized in excess of billings	55,269,875	(74,885,621)
Other financial assets	2,064,121	(36,473,323)
Accounts payable	(69,834,978)	53,599,475
Change in related parties' balances	(25,291,217)	379,450
Accruals and other payables	(43,797,705)	33,655,302
Employee benefit obligations paid	470,481	622,754
Deferred tax liabilities	(2,121,785)	-
Finance costs paid	-	(9,221,766)
Income tax paid	(42,967,735)	(2,698,101)
Net cash flow generated from/(used in) operating activities	<u>113,680,047</u>	<u>(24,596,602)</u>
Cash Flows from Investing Activities:		
Additions on property, plant and equipment	(1,330,066)	(35,242,055)
Proceeds from disposal of property, plant and equipment	11,582	105,991
Net cash flows used in investing activities	<u>(1,318,484)</u>	<u>(35,136,064)</u>
Cash Flows from Financing Activities:		
Net change in short-term loans	(115,889,969)	103,257,144
Payment of long-term loans	(5,618,001)	(14,461,589)
Proceeds from long-term loans	-	12,783,197
Payment of finance lease obligations	(1,177,323)	(517,161)
Partner's additional contributions	-	(5,000,000)
Net cash flows (used in) / generated from financing activities	<u>(122,685,293)</u>	<u>96,061,591</u>
Net Change in Cash and Cash Equivalents During the Year	(10,323,730)	36,328,925
Cash and cash equivalents at the beginning of the year	56,913,985	20,585,060
Cash and Cash Equivalents at the End of the Year	<u>46,590,255</u>	<u>56,913,985</u>

The accompanying notes from 1 to 27 are an integral part of these financial statements

United Maintenance and Contracting Company (UNIMAC)
(Foreign Limited Liability Company)
Notes to the financial statements
for the year ended December 31, 2022

1- Legal Status and Activities

United Maintenance and Contracting Company (UNIMAC) “the Company” is a Saudi foreign limited liability company that operates under Commercial Registration No. 1010030427 issued in Riyadh on Jumada II 04, 1400 AH corresponding to April 20, 1980 AD

The company is engaged in the construction and maintenance of roads, buildings, airport facilities including runways, tracks, and towing courts, agriculture works, landscaping, execution, operations and maintenance of electrical and mechanical work contracts, communication networks and related works, environmental protection and treating in accordance with Saudi Arabian General Authority license No (102030082726-01) dated 08 jamada (1) 1424 AH (corresponding to July 8, 2003).

2- Significant Accounting Policies

These financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized entities endorsed in the Kingdom of Saudi Arabia and other standards and publications approved by the Saudi Organization for Chartered and Professional Accountants. The following is a summary of the most important accounting policies appropriate to the nature of the company’s business:

Using of estimates:

The preparation of financial statements in accordance with IFRS for SMEs requires the use of estimates and assumptions that could affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date of financial statements, in addition to the reported amounts of revenues and expenses during the year. Although these estimates are based on management’s best knowledge of current events and activities available to the management, actual results ultimately may differ from those estimates.

Accounts receivable:

Accounts receivable are shown at the original amount after deducting an allowance for doubtful accounts. This allowance is established when there is doubt that the branch will be able to collect the amounts in full according to the original terms of the receivables.

Inventories:

Inventories are valued at cost or net realizable value, whichever is lower, and the cost is determined using the weighted average method.

Revenue recognized in excess of billings:

Revenue recognized in excess of billings represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at the cost of work performed plus profit recognized to date less progress billing and recognized losses. Cost includes all expenditures related directly to specific projects and an allocation of fixed and variable overheads incurred. Where progress billings received and receivable exceed the value of work performed, the excess is included in current liabilities as progress billings in excess of the value of work performed.

United Maintenance and Contracting Company (UNIMAC)

(Foreign Limited Liability Company)

Notes to the financial statements

for the year ended December 31, 2022

2- Significant Accounting Policies (continued)

Property and equipment:

Property and equipment are stated at historical cost less accumulated depreciation. Depreciation is computed over the estimated useful lives of the assets using the straight-line method, adopting the annual depreciation percentage as follows:

Plant and equipment	10%	Fabricated houses	20%
Medium, light and heavy vehicles			
	12.5-20%	Furniture and fixtures	20%
Generators and compressors	20%	Lease building improvements	5%

Repair and maintenance expenses that do not substantially increase the useful life of assets are charged to the expenses.

Provision for income tax:

The income tax expense is the sum of the tax payable and the deferred income tax. The payable taxes have been calculated based on the adjusted income, which differs from the net income shown in the income statement, so that items of income or expenses that are subject to tax or deducted from the tax base in other years are excluded, and items that are exempt or not deductible are excluded from the tax base.

End of Service Benefits:

Benefits payable to the employees at the end of their services are provided in accordance with Saudi Labor Regulations.

Revenue recognition:

- Revenues from services are recognized when the services rendered are completed and accepted by clients.
- Revenues from long-term contracts are recognized in accordance with the percentage-of completion method.

Selling and distribution expenses:

Selling and distribution expenses principally comprise of costs incurred in the sale and distribution of the Company's products/services. All other expenses are classified as general and administrative expenses.

General and administrative expenses:

General and administrative expenses include expenses related to management, and not related to cost of sales or services provided as required in accordance with the accounting principles promulgated by the Saudi Organization for Certified Public Accountants ("SOCPA"). These costs are distributed among the cost of revenue, general and administrative expenses, if necessary, in a systematic manner.

Foreign currency translation:

Foreign currency transactions are converted into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Assets and liabilities denominated in foreign currencies at the balance sheet date, are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of income.

United Maintenance and Contracting Company (UNIMAC)
(Foreign Limited Liability Company)
Notes to the financial statements
for the year ended December 31, 2022
(All Amounts in Saudi Riyal)

3- Cash and Cash Equivalents

	<u>2022</u>	<u>2021</u>
Cash in hand	40,496	1,691,339
Cash at banks	46,549,759	55,222,646
	<u>46,590,255</u>	<u>56,913,985</u>

4- Accounts Receivable, net

	<u>2022</u>	<u>2021</u>
Accounts receivable	69,313,597	252,660,645
Less: Provision for doubtful debts	(1,500,000)	-
	<u>67,813,597</u>	<u>252,660,645</u>

The following is a summary of the movement in the provision for doubtful debts:

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	-	-
Provided during the year	1,500,000	-
Used during the year	-	-
	<u>1,500,000</u>	<u>-</u>

During the year, the Company obtained favorable court rulings involving receivables balances amounting to SR 8,422,518, Which have not been collected as of December 31, 2022.

5- Other Financial Assets

	<u>2022</u>	<u>2021</u>
Financial assets at fair value	-	2,064,121
	<u>-</u>	<u>2,064,121</u>

6- Prepayments and Other Receivables:

	<u>2022</u>	<u>2021</u>
Prepaid expenses	6,036,769	4,628,527
Due from employees	435,089	1,175,012
Due from ZATCA – VAT	65,680	3,723,093
Refundable deposit	50,244,697	39,627,377
Suppliers – advance payments	21,118,659	25,383,552
Letters of Guarantee margin deposit	18,512,741	3,830,612
Other	112,521	191,468
	<u>96,526,156</u>	<u>78,559,641</u>

7- Revenue Recognized in Excess of Billings

	<u>2022</u>	<u>2021</u>
Value of the work done	44,785,305	118,021,695
	<u>44,785,305</u>	<u>118,021,695</u>

The revenue recognized in excess of billing represents the unbilled construction progress based on the percent of completion basis of the Company's projects as of December 31, 2022.

United Maintenance and Contracting Company (UNIMAC)
(Foreign Limited Liability Company)
Notes to the financial statements
For the year ended December 31, 2022
(All Amounts in Saudi Riyal)

8- Property, plant and Equipment, net									
<u>Cost</u>	<u>Buildings*</u> <u>(Restated)</u>	<u>Furniture and</u> <u>fixtures*</u> <u>(Restated)</u>	<u>Medium, light,</u> <u>and heavy</u> <u>vehicles</u>	<u>Leasehold</u> <u>improvements</u> <u>(Restated)</u>	<u>Movable</u> <u>houses</u>	<u>Machinery</u> <u>and</u> <u>Equipment</u>	<u>Generators</u> <u>and</u> <u>compressors</u>	<u>Total</u>	
Balance as of December 31, 2021	-	6,190,229	77,734,909	1,110,000	7,921,842	133,154,310	9,809,128	235,920,418	
Adjustments	950,000	372,466	-	390,690	-	-	-	1,713,156	
Balance as of December 31, 2021 (Restated)	950,000	6,562,695	77,734,909	1,500,690	7,921,842	133,154,310	9,809,128	237,633,574	
Additions	-	789,556	423,860	-	-	116,650	-	1,330,066	
Disposal	-	(374,235)	(380,000)	(1,340,690)	-	-	-	(2,094,925)	
Balance as of December 31, 2022	950,000	6,978,015	77,778,769	160,000	7,921,842	133,270,960	9,809,128	236,868,715	
Accumulated depreciation									
Balance as of December 31, 2021	-	(4,492,626)	(49,434,900)	(390,582)	(4,795,686)	(88,532,187)	(7,225,172)	(154,871,153)	
Adjustments	(273,252)	(372,466)	-	(1,067,438)	-	-	-	(1,713,156)	
Balance as of December 31, 2021 (Restated)	(273,252)	(4,865,092)	(49,434,900)	(1,458,020)	(4,795,686)	(88,532,187)	(7,225,172)	(156,584,309)	
Charge for the year	(47,500)	(500,177)	(4,307,233)	(32,000)	(586,912)	(6,800,782)	(344,993)	(12,619,597)	
Disposal	-	372,466	380,000	1,340,690	-	-	-	2,093,156	
Balance as of December 31, 2022	(320,752)	(4,992,803)	(53,362,133)	(149,330)	(5,382,598)	(95,332,969)	(7,570,165)	(167,110,750)	
Net Book value:									
As of December 31, 2022	629,248	1,985,213	24,416,636	10,670	2,539,244	37,937,991	2,238,963	69,757,965	
As of December 31, 2021 (Restated)	676,748	1,697,603	28,300,009	42,670	3,126,156	44,622,123	2,583,956	81,049,265	

* The adjustment to the first year balance represents the cost of buildings, furniture and fixtures and improvements that are depreciated and not recorded in the balance at the beginning of the year with a value of SAR 1,713,156 and the accumulated depreciation related to it includes the same value as at 31 December 2022. These adjustments have no impact on the net book value of the previous year.

United Maintenance and Contracting Company (UNIMAC)

(Foreign Limited Liability Company)

Notes to the financial statements**for the year ended December 31, 2022**

(All Amounts in Saudi Riyal)

9- Investment Property

	<u>2022</u>	<u>2021</u>
Land	3,800,000	3,800,000
	<u>3,800,000</u>	<u>3,800,000</u>

Investment properties represent a plot of land recognized by the Company under the cost model, as its fair value cannot be reliably determined without undue cost or effort due to the absence of an active market for such properties, and there are no similar transitions for similar properties. The title deed for the mentioned land is not transferred in favor of the company as of December 31, 2022, the formal procedures for transferring the land are still in process.

10- Deferred Tax Liability

The deferred tax liabilities or assets arise due to taxable or deductible temporary differences affecting tax base.

The following is the net deferred tax liability (asset) recognized by the Company due to taxable/ (deductible) temporary difference as of the year end:

	<u>2022</u>	<u>2021</u>
Opening balance	8,919,146	5,603,980
Charged to profit / (loss) during the year:		
Property, Plant and Equipment	(1,932,934)	5,640,673
Employee benefit obligations	(70,409)	(133,776)
	<u>(2,003,343)</u>	<u>5,506,897</u>
Charged to other comprehensive income during the year:		
Employee benefit obligations	(118,435)	30,842
	<u>(118,435)</u>	<u>30,842</u>
Charged for revaluation during the year: (note (17))		
Added during the year	(1,778,058)	(2,222,573)
	<u>5,019,310</u>	<u>8,919,146</u>

11- Accruals and Other Payables

	<u>2022</u>	<u>2021</u>
Accrued operating expenses	11,373,439	25,058,850
Advance from customers	5,475,683	36,270,258
Retentions payable	14,061,435	13,138,465
Due to employees	-	240,689
	<u>30,910,557</u>	<u>74,708,262</u>

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12- Short Term Loan

	<u>2022</u>	<u>2021</u>
Bank loans	<u>5,801,864</u>	<u>114,760,622</u>
	<u>5,801,864</u>	<u>114,760,622</u>

The short-term loans are represent the used portion in financing facilities from Riyadh Bank at SIBOR + 3% interest, provided that payment is made within 270 days from the date of grant, in addition to financing facilities from Samba with a SIBOR commission from + 2% to 4%, provided that payment is made within a period of 180-360 day. These loans are secured against the personal guarantees of partners.

13- Finance Lease Obligations

	<u>2022</u>	<u>2021</u>
Lease obligation for acquisition of equipment's	<u>823,815</u>	<u>2,062,898</u>
Less: Finance lease – current portion	<u>(823,815)</u>	<u>(1,239,083)</u>
	<u>-</u>	<u>823,815</u>

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. Minimum lease payments are due as follows:

	<u>2022</u>	<u>2021</u>
Not to exceed one year	<u>885,575</u>	<u>1,239,083</u>
More than one year and less than five years	<u>-</u>	<u>823,815</u>
	<u>885,575</u>	<u>2,062,898</u>

14- Long Term Loans

	<u>2022</u>	<u>2021</u>
Long term loans	<u>-</u>	<u>14,373,959</u>
Long term loans – current portion	<u>-</u>	<u>(8,755,958)</u>
	<u>-</u>	<u>5,618,001</u>

The long-term financing consists of refinancing letters of credit from Riyadh Bank with SIBOR interest from +3% to +4%. Payment is made in quarterly installments for a period of two years from the grant date, in addition to a medium-term loan with SIBOR +3% interest, to finance the purchase of equipment for the operations. Repayment in quarterly installments for three years. These loans are secured against personal guarantees of partners.

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15- Tax Provision

	<u>2022</u>	<u>2021</u>
Net profit	38,377,798	169,828,930
Added to it:		
Provisions for the year	3,005,778	1,276,492
Depreciation differences	1,651,958	2,329,675
	<u>4,657,736</u>	<u>3,606,167</u>
Deducted from it:		
Provisions paid during the year	(1,024,346)	(607,612)
	<u>(1,024,346)</u>	<u>(607,612)</u>
Tax base	42,011,188	172,827,485
Tax expense for the year	<u>8,402,238</u>	<u>34,565,497</u>
	<u>2022</u>	<u>2021</u>
Tax provided during the year	8,402,238	34,565,497
Previous years adjustments	-	1,863,869
Deferred tax for the year	-	5,506,897
	<u>8,402,238</u>	<u>41,936,263</u>
Movement on the tax provision during the year:		
	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	34,565,497	834,232
Estimation and correction difference for previous years	-	1,863,869
Retained during the year	8,402,238	34,565,497
Paid during the year	(42,967,735)	(2,698,101)
Balance at the end of the year	<u>-</u>	<u>34,565,497</u>

Tax Status:

The company submitted tax returns for the years up to 2022. The tax due was paid according to these returns. The Company received tax assessments from the Zakat, Tax and Customs Authority until 2017. The management believes that it has provided a sufficient provision to meet any potential zakat claims by the Zakat, Tax and Customs Authority for those years for which no final assessment has been made.

16- Due From Related Parties

	<u>2022</u>		<u>2021</u>	
	<u>Debit</u>	<u>Credit</u>	<u>Debit</u>	<u>Credit</u>
Mr. Nader Aristo Hatoum	-	3,114,722	-	3,822,780
	-	-	-	-
Mr. Fadi Aristo Hatoum	24,583,159	-	-	-

The company conducted transactions with the above related parties during the year represented in financing transactions. These transactions took place with the consent of the partners. The above balances are not subject to commission and there are no specific terms for repayment.

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17- Employees' Benefit Obligation

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	6,396,020	5,881,351
Provision provided during the year	1,376,392	1,276,492
Charge to other comprehensive income	592,176	(154,211)
Paid during the year	(1,024,346)	(607,612)
Balance at the end of the year	<u>7,340,242</u>	<u>6,396,020</u>
Interest rate	4%	4%
The expected annual wage increase	3%	3%
Labor turnover rate	<u>10%</u>	<u>10%</u>

18- Capital

The company's capital amounted to SR. 20,000,000, consisting of 20,000 shares, the value of each share is SR. 1,000, and the capital is distributed among the partners as follows:

Partner's name	<u>Number of shares</u>	<u>Total</u>
Mr. Nader Aristo Hatoum	15,000	15,000,000
Mr. Fadi Aristo Hatoum	5,000	5,000,000
Sub-Total	<u>20,000</u>	<u>20,000,000</u>

19- Revaluation Surplus

	<u>2022</u>	<u>2021</u>
Initial balance	28,692,809	33,171,394
Revaluation during the year	-	-
Transferred to retained earnings	(4,478,585)	(4,478,585)
Return on deferred tax	<u>24,214,224</u>	<u>28,692,809</u>
Deferred tax at the beginning of the year	(4,411,706)	(6,634,279)
Deferred tax during the year	1,778,058	2,222,573
	<u>(2,633,648)</u>	<u>(4,411,706)</u>
	<u>21,580,576</u>	<u>24,281,103</u>

The company has performed a revolution for the properties and equipment assets during 2020 and recorded the effect of the new valuation. The Company amortizes the valuation over the assets' useful life as shown above.

20- Partner's Additional Contributions

Partner's name	<u>2022</u>	<u>2021</u>
Nader Aristo Hatoum	18,750,000	18,750,000
Fadi Aristo Hatoum	6,250,000	6,250,000
	<u>25,000,000</u>	<u>25,000,000</u>

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21- Revenues

	<u>2022</u>	<u>2021</u>
Sale of Goods	6,107,675	7,037,857
Contracting Revenue	169,914,054	590,769,338
	<u>176,021,729</u>	<u>597,807,195</u>

22- Cost of Revenue

	<u>2022</u>	<u>2021</u>
Operating materials used	38,048,660	88,679,291
Operating salaries and allowances	41,240,098	19,840,723
Operational depreciation	12,118,757	10,849,022
Subcontractor cost	10,354,432	151,276,250
Equipment rental	8,794,588	19,615,658
Maintenance and repair	221,488	6,567,079
Oil and fuel	4,170,067	6,477,084
Food and other consumables	733,048	8,618,752
Insurance	226,636	1,955,577
Annual tickets and leave salaries	593,310	2,137,060
Other operating expenses	344,751	78,450,817
	<u>116,845,835</u>	<u>394,467,313</u>

23- General and Administrative Expenses

	<u>2022</u>	<u>2021</u>
Bad debts	4,924,206	5,975,522
Salaries, wages and allowances	3,065,334	7,811,505
Administrative depreciation	500,840	361,211
Rent and housing allowance	1,293,137	1,034,554
Governmental fees	930,695	1,460,855
Maintenance and repair	237,010	1,024,392
Travel and stay	270,747	33,228
Telephone, electricity and water	343,403	291,446
Insurance	318,286	306,205
Professional and consulting fees	178,000	1,162,567
Oil and fuel	966,076	85,024
Printing and stationery	192,681	128,652
Social Security	772,600	872,604
Annual tickets and vacation allowance	1,216,928	815,331
Employee benefits (End of Service Indemnity)	1,376,392	1,276,492
Other	33,852	67,357
	<u>16,620,187</u>	<u>22,706,945</u>

24- Revenue and Other Gains

	<u>2022</u>	<u>2021</u>
Gain on sale of property, plant and equipment	9,813	28,456
Dividends received from financial assets	441,076	81,134
Other	151,786	46,127
	<u>602,675</u>	<u>155,717</u>

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25- Subsequent Events

The management believes that no significant events have occurred since the end of the year that could have a material impact on the company's financial position.

26- Financial Instruments - Risk Management

Fair value:

Is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in arm's length transactions. As the Company's financial instruments are compiled under the historical cost method, differences can arise between the book amounts and the fair value estimates. Management believes that the fair values of the company's financial assets and liabilities are not materially different from their book values.

Currency risk:

Is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are predominantly in Saudi Riyal and United States Dollars. As the Saudi Riyal is effectively pegged to the United States Dollar, the exchange risk is effectively managed.

Credit risk:

It is the risk that one of the parties will not be able to fulfill its obligations, which will cause the other party to incur a financial loss. Cash has been placed with national and multinational banks with good credit ratings showing credit risk on receivables at principal amount after deducting provision for doubtful debts.

Liquidity risk:

Is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Company's management monitors liquidity requirements on a regular basis and ensures that sufficient funds are available to meet any future commitments.

27- Approval of the Financial Statements

These financial statements have been approved by the partners on June 20, 2023.