

**SAUDI ARABIAN REFINERIES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
CONSOLIDATED INTERIM CONDENSED  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2022  
AND INDEPENDENT AUDITOR'S REVIEW REPORT

# SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

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**Consolidated interim condensed financial statements (unaudited) for the three and nine months periods ended September 30, 2022**

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**INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS****TO THE SHAREHOLDERS****SAUDI ARABIAN REFINERIES COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
JEDDAH - SAUDI ARABIA****Introduction**

We have reviewed the consolidated interim condensed statement of financial position of Saudi Arabian Refineries Company – Saudi Joint Stock Company - ("the Company") as at September 30, 2022, the consolidated interim condensed statements of profit or loss and other comprehensive income for the three and nine months period ended on September 30, 2022, the consolidated interim condensed changes in shareholders' equity and the consolidated interim condensed cash flows for the nine months period then ended, and summary of significant accounting policies, and the notes (1) to (24) which considered an integral part of these consolidated interim condensed financial statements.

Management is responsible for the preparation and presentation of these consolidated interim condensed financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" as endorsed in the Kingdom of Saudi Arabia. A review of consolidated interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

FOR EL SAYED EL AYOUTY &amp; CO,

Abdullah A. Balamesh  
Certified Public Accountant  
License No. (345)JEDDAH: December 6, 2022  
Jumada al Ula 12 ,1444 H

# SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

## Consolidated interim condensed statement of financial position (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

		<u>September</u> <u>30, 2022</u>	<u>December</u> <u>31, 2021</u>
	<u>Notes</u>	<u>Unaudited</u>	<u>Audited</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment- net		51,561	56,330
Intangible assets – net		137,804	71,592
Investments in equity instruments at fair value through other comprehensive income	5.A	355,335,274	483,049,979
Investments in associates	6	48,427,482	49,378,292
<b>Total non-current assets</b>		<u>403,952,121</u>	<u>532,556,193</u>
<b>Current assets</b>			
Prepaid expenses and other receivables	8	367,939	495,685
Cash and cash equivalents	10	43,541,806	30,425,868
<b>Total current assets</b>		<u>43,909,745</u>	<u>30,921,553</u>
<b>Total assets</b>		<u>447,861,866</u>	<u>563,477,746</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	1	150,000,000	150,000,000
Statutory reserve	17	28,099,984	28,099,984
Reserve for valuation of investments in equity instruments at FVOCI	5.B	228,589,252	356,303,957
Retained earnings		34,839,123	25,130,877
<b>Total equity</b>		<u>441,528,359</u>	<u>559,534,818</u>
<b>Non-current liabilities</b>			
Employees' defined benefits obligations		219,137	680,764
<b>Total non-Current liabilities</b>		<u>219,137</u>	<u>680,764</u>
<b>Current liabilities</b>			
Due to shareholders		2,607,683	2,415,472
Accrued expenses	11	152,840	396,192
Provision for zakat	12.B	3,353,847	450,500
<b>Total current liabilities</b>		<u>6,114,370</u>	<u>3,262,164</u>
<b>Total liabilities</b>		<u>6,333,507</u>	<u>3,942,928</u>
<b>Total equity and liabilities</b>		<u>447,861,866</u>	<u>563,477,746</u>

26/2/21



Accounts Officer

Name :



Chairman of the Board of Directors

Name : Eng. Aiad Mushaikh

The accompanying notes from (1) to (24) form an integral part of these interim condensed financial statements.

# SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

## Consolidated interim condensed statement of profits or losses and other comprehensive income (unaudited) for the three and nine months periods ended September 30, 2022

(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the period of three months ended in September 30,		For the period of nine months ended in September 30,	
		2022	2021	2022	2021
		Unaudited	Unaudited	Unaudited	Unaudited
Investment income	13	102,980	163,316	23,070,616	8,087,185
Company's share from results of investment in associates	14	(501,230)	(293,715)	(950,810)	703,037
<b>Gross (loss) / profit</b>		<b>(398,250)</b>	<b>(130,399)</b>	<b>22,119,806</b>	<b>8,790,222</b>
General and administrative expenses		(515,655)	(475,994)	(2,285,604)	(1,907,346)
<b>(loss) / profit of the activity</b>		<b>(913,905)</b>	<b>(606,393)</b>	<b>19,834,202</b>	<b>6,882,876</b>
Provisions no longer required		-	1,529,119	-	1,529,119
Other income		75,375	55,464	277,391	228,862
<b>Net (loss) / profit for the period before zakat</b>		<b>(838,530)</b>	<b>978,190</b>	<b>20,111,593</b>	<b>8,640,857</b>
Zakat for the period	12	(2,302,097)	(150,250)	(2,903,347)	(450,500)
Zakat for prior years	12	-	-	-	(3,159)
<b>Net (loss) / profit for the period after Zakat</b>		<b>(3,140,627)</b>	<b>827,940</b>	<b>17,208,246</b>	<b>8,187,198</b>
<b>Items of other comprehensive income</b>					
<b>Items that will not be re-classified subsequently within profits or losses:</b>					
Unrealized (losses) gains on the revaluation of investments in equity instruments at fair value through other comprehensive income	5.B	(86,171,117)	86,325,641	(127,714,705)	203,107,013
<b>Total comprehensive (loss) / income for the period</b>		<b>(89,311,744)</b>	<b>87,153,581</b>	<b>(110,506,459)</b>	<b>211,294,211</b>
Basic and diluted (loss) / earnings per share of net (loss) / profit for the period	15	(0,21)	0,06	1,15	0,55

Accounts Officer

Name :

Chairman of the Board of Directors

Name : *AiAD M. Mushaikh*

The accompanying notes from (1) to (24) form an integral part of these interim condensed financial statements.

# SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

For the nine months period ended September 30, 2022

## Consolidated interim condensed statement of changes in equity (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Reserve for valuation of equity instruments at FVOCI</u>	<u>Retained earnings</u>	<u>Total shareholders' equity</u>
Balance as at January 01, 2021 (audited)	150,000,000	27,440,761	301,906,348	28,977,168	508,324,277
Net profit for the period	-	-	-	8,187,198	8,187,198
Other comprehensive income for the period	-	-	203,107,013	-	203,107,013
<b>Total comprehensive income for the period</b>	-	-	<b>203,107,013</b>	<b>8,187,198</b>	<b>211,294,211</b>
Gain on sale of investments in equity instruments at fair value through other comprehensive income	-	-	(1,524,852)	1,524,852	-
Dividends (note 16)	-	-	-	(11,250,000)	(11,250,000)
<b>Balance as at September 30, 2021 (unaudited)</b>	<b>150,000,000</b>	<b>27,440,761</b>	<b>503,488,509</b>	<b>27,439,218</b>	<b>708,368,488</b>
Balance as at January 01, 2022 (audited)	150,000,000	28,099,984	356,303,957	25,130,877	559,534,818
Net profit for the period	-	-	-	17,208,246	17,208,246
Other comprehensive (loss) for the period	-	-	(127,714,705)	-	(127,714,705)
<b>Total comprehensive (loss) for the period</b>	-	-	<b>(127,714,705)</b>	<b>17,208,246</b>	<b>(110,506,459)</b>
Dividends (note 16)	-	-	-	(7,500,000)	(7,500,000)
<b>Balance as at September 30, 2022 (unaudited)</b>	<b>150,000,000</b>	<b>28,099,984</b>	<b>228,589,252</b>	<b>34,839,123</b>	<b>441,528,359</b>



Accounts Officer

Name :



Chairman of the Board of Directors

Name : Eng. Aiad M. Mushaikh

The accompanying notes from (1) to (24) form an integral part of these interim condensed financial statements.

# SAUDI ARABIAN REFINERIES COMPANY

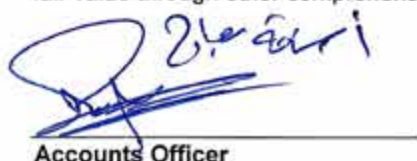
(A Saudi Joint Stock Company)

For the nine months period ended September 30, 2022

## Consolidated interim condensed statement of cash flows (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

	For the nine months period ended September 30	
	2022 (unaudited)	2021 (unaudited)
<b><u>Cash flows from operating activities:</u></b>		
Net profit for the period before zakat	20,111,593	8,640,857
<b>Adjustments for Net profit for the period before zakat to net cash flows from operating activities:</b>		
Depreciation of property and equipment	14,784	11,558
Amortization of intangible assets	10,471	-
Provided from employees' defined benefits obligations	74,803	51,093
Company's share from results of investment in associates	950,810	(703,037)
<b>Changes in items of operating assets and liabilities:</b>		
Prepaid expenses and other receivables	127,746	8,272,150
Due to shareholders	192,211	(1,383,004)
Accrued expenses	(243,352)	(5,129,766)
<b>Cash generated by operating activities</b>	<b>21,239,066</b>	<b>9,759,851</b>
Employees benefits - paid	(536,430)	-
Zakat - paid	-	(337,357)
<b>Net Cash flows generated by operating activities</b>	<b>20,702,636</b>	<b>9,422,494</b>
<b><u>Cash flows from investing activities:</u></b>		
Additions to properties and equipment	(10,015)	(45,223)
Additions to intangible asset	(76,683)	-
Proceeds from sale of investments in equity instruments at fair value through other comprehensive income	-	2,814,743
<b>Net cash flows (used in) provided by investing activities</b>	<b>(86,698)</b>	<b>2,769,520</b>
<b><u>Cash flows from financing activities:</u></b>		
Dividends paid	(7,500,000)	(11,250,000)
<b>Cash flows (used in) financing activities</b>	<b>(7,500,000)</b>	<b>(11,250,000)</b>
Increase in cash and cash equivalents	13,115,938	942,014
Cash and cash equivalents at the beginning of the period	30,425,868	30,657,331
<b>Cash and cash equivalents at the end of the period</b>	<b>43,541,806</b>	<b>31,599,345</b>
<b>Non-cash transactions</b>		
Unrealized (losses) / profits from investments in equity instruments at fair value through other comprehensive income	(127,714,705)	203,107,013



Accounts Officer

Name :



Chairman of the Board of Directors

Name : Eng. Ai'AD M. Musheikh

The accompanying notes from (1) to (24) form an integral part of these interim condensed financial statements.

# SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

## Notes to consolidated interim condensed financial statements for the three and nine months periods ended September 30, 2022 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

### 1. General

Saudi Arabian Refineries Company - SARCO ("the company" or "the parent company") is a Saudi joint stock company registered under the commercial registration issued at Jeddah with the number 4030003334 dated March 14, 1960 (corresponding to 19 Dhu al-Hijja 1379 H).

As at September 30, 2022, the company's share capital amounted to SR 150 million (September 30, 2021: SR 150 million) divided into 15 million shares (September 30, 2021: 15 million shares) with a par value of SR 10 per share.

The company is engaged in extracting crude oil, establishing refining and petrochemical plants and refineries, dealing in securities as principal, buying and selling land and real estate, dividing them and selling activities off-plan, managing and leasing owned or leased properties (non-residential).

The present activity of the company is investing in local companies, and therefore its activity is limited to the investment sector, and it has no other business sectors.

The consolidated interim condensed financial statements include the financial statements of the company and its subsidiary mentioned below, which is headquartered in Jeddah (together referred to as the "Group"):

<u>Company</u>	<u>Country of incorporation</u>	<u>Ownership percentage</u>	
		<u>2022</u>	<u>2021</u>
Al Sadu Company for Investment	KSA	100%	-

The company is engaged in real estate activities, financial activities, financial technology, tourism services, general construction activities, mining and quarrying activities (note 7).

The company's registered office is located at the following address:

Adham Commercial Center, Jeddah  
Madinah Road  
P. O. Box 1113, Jeddah 21431, Kingdom of Saudi Arabia

The current period of the company starts at January 1, 2022 and ends at September 30, 2022. The company's fiscal year starts from the beginning of January of each calendar year and ends at the end of December of the same year.

### 2. Basis of preparation

#### 2.1. Statement of compliance

These Consolidated interim condensed financial statements have been prepared in accordance with IAS 34 "Consolidated interim Financial Reporting" adopted in the Kingdom of Saudi Arabia (IFRS that determine the minimum of consolidated interim Financial Reporting content) and other standards and pronouncements endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA).

These Consolidated interim condensed financial statements do not include all the information and explanations required for a complete set of financial statements prepared in accordance with IFRS, and should be read in conjunction with the Company's financial statements for the year ended 31 December 2021 (last annual financial statements). Furthermore, the interim results period ended at September 30, 2022 may not be considered as an indication of expected results for the year ended December 31, 2022.

#### 2.2. Basis of measurement

These Consolidated interim condensed financial statements have been prepared under the historical cost basis using accrual basis of accounting except for employees' defined benefit obligations which are calculated by using the expected credit unit method, and investments in equity instruments through other comprehensive income which are measured at fair value and investments in associates which are measured at equity method.

Furthermore, these consolidated interim condensed financial statements are prepared by using the accrual basis of accounting and the going concern principle.



# SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

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## Notes to consolidated interim condensed financial statements for the three and nine months periods ended September 30, 2022 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

### 2. Basis of preparation... (Continued)

#### 2.3. Functional and presentation currency

These Consolidated interim condensed financial statements are presented in Saudi Arabian Riyals ("SR") which is the functional and presentation currency of the company.

#### 2.4. Going concern concept

The company has no doubt upon the group's ability to continue as a going concern, therefore, the financial statements continue to be prepared on the going concern basis.

### 3. Significant accounting estimates, assumptions and judgments

The preparation of these consolidated interim condensed financial statements requires management to make judgment, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and disclosure of contingent liabilities at the reporting date. Actual results may differ from these estimates.

The significant judgments used by management in applying the Company's accounting policies, calculation methods and the key sources of estimation in these financial statements were the same as those that applied to the financial statements for the year ended 31 December 2021.

However, as indicated in Note (21) above regarding reviewing the significant sources of uncertainty cases of the outbreak of the novel coronavirus (Covid-19), the management is currently monitoring the situation and the extent of its impact on the Company's operations, cash flows and financial position. Based on its assessment, the management believes that, the company has adequate liquidity to continue business in foreseeable future and to fulfill its financial obligations as they become due.

#### Basis of consolidation

The consolidated financial statements of the Group include the financial statements of the Company and its subsidiaries set forth in Note 1. Control is achieved when the Group is exposed, or has rights to returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group is considered having control over the investee in the following cases or elements:

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

The Group reassesses whether it has control over the investee if facts and circumstances indicate that there have been changes in one of the above-mentioned 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 an acquired or disposed of subsidiary during the period are included in the consolidated financial statements from the date the Group gains control until the date the control ceases.

Profits, losses and all components of other comprehensive income are attributable to the equity holders of the Parent Company of the Group and to the holders of non-controlling interests, even if this results in a deficit balance in favor of the non-controlling interest holders. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

#### Eliminated transactions

Intra-group balances and transactions, as well as any unrealized gains or losses resulting from internal transactions between the Group's companies, are completely eliminated when preparing these consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

# SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

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**Notes to consolidated interim condensed financial statements for the three and nine months periods ended September 30, 2022 (unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

## **3. Significant accounting estimates, assumptions and judgments (Continued)**

### **Basis of consolidation (Continued)**

#### **Non-controlling interests**

The non-controlling interests in the net assets of the consolidated subsidiaries are recognized separately from the Group's equity in the net assets. Non-controlling interests consist of the amounts of those interests that are recognized at the date of the original business combination in addition to their shares in the changes in equity in the Company that occur after the date of acquisition.

## **4. Changes in significant accounting policies**

The accounting policies applied to these Consolidated interim condensed financial statements are consistent with those followed in preparing the company's annual financial statements for the year ended 31 December 2021, There are no new standards were issued but there are a number of amendments on the standards effective at 1 January 2022, and has no material impact on the Consolidated interim condensed financial statements.

# SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

Notes to consolidated interim condensed financial statements for the three and nine months periods ended September 30, 2022 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

## 5. Investments in equity instruments at fair value through other comprehensive income

5.A. Investments in equity instruments at FVOCI represent the following:

Company name	Share market value as at		No. of shares as at		Balance as at	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Saudi Industrial Investment Group	22,86	31,15	15,194,480	15,194,480	347,345,813	473,308,052
Saudi Arabian Oil Company (Saudi Aramco)	35,85	35,80	39,029	35,481	1,399,190	1,270,220
Southern region cement company	54,40	70,10	120,666	120,666	6,564,231	8,458,687
Aqua Power Co.	168,00	84,00	155	155	26,040	13,020
					<u>355,335,274</u>	<u>483,049,979</u>

5.B. The Company recorded unrealized profits from investments in equity instruments at FVTOCI as follows:

	As at September 30, 2022	As at December 31, 2021
Balance at beginning of the period / year	356,303,957	301,906,348
Unrealized (losses) / profits during the period / year	(127,714,705)	55,922,461
Realized gains during the year from the sale of Tabuk Cement Company shares	-	(1,524,852)
	<u>228,589,252</u>	<u>356,303,957</u>

## 6. Investments in associates

Investments in associates represent the followings:

Name of the company	Main business sector	Country of incorporation	Ownership percentage	As at September 30, 2022	As at December 31, 2021
6.A. Arab Company for Tanks Ltd.*	Services	KSA	27%		
Balance at the beginning of the year				49,378,292	49,359,105
Company's share from the results of investment in associate for the period/year				(950,810)	78,784
Company's share of the other comprehensive income of the associate				-	(59,597)
Balance at end of the period / year				<u>48,427,482</u>	<u>49,378,292</u>

\* Management financial statements were relied on in evaluating the investment in the Arab Company for Tanks Ltd.

6.B. Arab Company for Sulfonates Ltd.	Industrial	KSA	34%		
Balance at the beginning of the period/ year				363,006	363,006
Provision for impairment of investment				(363,006)	(363,006)
Balance at end of the period / year*				<u>48,427,482</u>	<u>49,378,292</u>

# SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

## Notes to consolidated interim condensed financial statements for the three and nine months periods ended September 30, 2022 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

### 6. Investments in associates (Continued)

- The company's board of directors resolved, in its meeting held on October 10, 2016 (corresponding to Muharram 9, 1438 H,) to authorized the legal advisor of the company to file a lawsuit against the management of the Arab Sulfonate Company Ltd, for the unfavorable results of the aforementioned company, which resulted in losses of more than half of its share capital. The lawsuit No, (1574/2 / s) for the year 1438 H filed on November 21, 2016 (corresponding to Safar 21, 1438H) and claimed the Arab Company for Sulfonate Limited to pay a compensation of SR 26.268,133 representing all the losses incurred by the company as a result of its mismanagement, and claim compensation for the losses shown in the lawsuit against the Arab Sulfonate Company Limited.
- On December 8, 2016 (corresponding to 9 Rabi' Awal 1438 H), the company received a notification of a lawsuit at the Administrative Court in Jeddah at the Second Commercial Department No(1659/2/P) raised by Mr/Sultan M, Qusai Waly Al Deen Assad (partner) in Arab Sulfonate Company Limited against Saudi Arabian Refineries Company, requesting to dissolve and liquidate the Arab Sulfonate Company Limited in accordance with the provisions of Article 181 of the Companies Act due to the company's exposure to losses exceeding half of its share capital.
- On March 14, 2018 (corresponding to Jumada Al-Thani 26, 1439H), the Company was informed by the legal advisor in- charge to follow up the case that in this Judicial session, the Commercial Department has judged to dissolve and liquidate Arab Sulfonate Company and has appointed the certified public accountant / Saleh Abdullah Al-Naim as a liquidator to verify the losses and the Company's responsibility thereof.
- We were provided with the first follow-up report from the judicial liquidator to liquidate Arab Sulfonate Company (associate) for the period 22/07/2018 to 31/12/2018 including his inability to prepare the financial statements for the associate for the year ended 31/12/2018. Also, the Company's management did not obtain the audited financial statements for the years ended December 31, 2018 and 2019 from the judicial liquidator of Arab Sulfonate Company to assess the investment or contingent liabilities to the Company.
- We were also provided with the second follow-up report from the judicial liquidator for the liquidation of the Arab Sulfonate Company Ltd, (an associate) for the period from 1/1/2019 to 30/6/2019, which includes his inability to prepare the financial statements of the associate for the year ended 31/12/2019, and the company'. The management did not obtain the audited financial statements for the financial years ended December 31, 2018, 2019, 2020 and 2021 from the judicial liquidator of the Arab Company for Sulfonates Limited.
- Dated June 21, 2020, the legal liquidator and the certified public accountant, Saleh Abdullah Al-Naim died.
- On Ramadan 8, 1442 AH (corresponding to April 20, 2021), the Second Circuit of the Jeddah Commercial Court decided to appoint Edraak International Company as a liquidator to succeed Saleh Al-Naim's office in the liquidation of the Arab Sulfonate Company Ltd.

### 7. Investment in a subsidiary

The company has established a subsidiary company under the name of Al-Sadu Investment Company (a limited liability company owned 100% by the Saudi Arabian Refineries Company) with a capital amounted to SR. 5 million and CR. No. 4030475999 dated June 19, 2022 (corresponding to Dhu al-Qa'dah 20, 1443 H) and its head office in Jeddah. The company's activity is to carry out real estate activities, financial activities, financial technology, tourism services, public construction activities, mining and quarrying activities. The company will start providing its services after completing all the establishment work in terms of administrative and technical terms and the necessary licenses. The company has not started its activities yet, and its capital has not been paid to date.

### 8. Prepaid expenses and other receivable balances

The prepaid expenses and other receivable balances are as follows:

	<u>As at September</u> <u>30, 2022</u>	<u>As at December</u> <u>31, 2021</u>
Prepaid expenses	120,073	231,019
Other receivable balances	247,866	264,666
	<u>367,939</u>	<u>495,685</u>

# SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

## Notes to consolidated interim condensed financial statements for the three and nine months periods ended September 30, 2022 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

### 9. Transactions with related parties

9.A. Related parties represent the shareholders of the company and the companies in which they directly or indirectly own shares / stakes that entitle them to control these companies. The following is a summary of the main transactions concluded and signed by these parties during the period:

	<u>Relationship</u>	<u>Nature of transaction</u>	<u>Size of transaction during</u>	
			<u>As at September 30, 2022</u>	<u>As at September 30, 2021</u>
Arab Company for Tanks Ltd.	Associate	Administrative services fees	226,125	226,125

### 9.B. Due from associates:

	<u>As at September 30, 2022</u>	<u>As at December 31, 2021</u>
Arab Company for Sulfonate Limited	2,639,014	2,639,014
Less: Provision for expected credit losses	(2,639,014)	(2,639,014)
	-	-

### 10. Cash and cash equivalents

	<u>As at September 30, 2022</u>	<u>As at December 31, 2021</u>
Cash on hand	7	3,853
Cash at banks	43,541,799	30,422,015
	<u>43,541,806</u>	<u>30,425,868</u>

### 11. Accrued expenses

Accrued expenses represent the followings:

	<u>As at September 30, 2022</u>	<u>As at December 31, 2021</u>
Accrued expenses	152,840	396,192
	<u>152,840</u>	<u>396,192</u>

- Accrued expenses on September 30, 2022 include remuneration for the Board of Directors amounting to SR. 47,674.

### 12. Zakat

#### 12. A. Zakat calculation

	<u>As at September 30, 2022</u>	<u>As at December 31, 2021</u>
Adjusted net profit (loss)	20,230,949	(2,474,465)
Total added items	428,617,764	515,888,453
Total deducted items	(294,463,904)	(540,671,966)
Zakat base	<u>134,153,860</u>	<u>(24,783,513)</u>
Zakat payable at 2,5% of adjusted net profit / Zakat base	<u>3,353,847</u>	-

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### 12. B. Movement of zakat provision

	<u>As at September</u> <u>30, 2022</u>	<u>As at December</u> <u>31, 2021</u>
Balance at beginning of the period / year	450,500	334,198
Amendment of 2020 return	-	3,159
Zakat differences for prior years	-	113,264
Payments during the period / year	-	(450,621)
Additions during the period/year	2,903,347	450,500
	<u>3,353,847</u>	<u>450,500</u>

### 12. C. Zakat status

The company filed its zakat returns for the years up to December 31, 2021, and obtained the zakat certificate for the year ended December 31, 2021.

#### Years from 2017 to 2018

- The Authority issued zakat assessments and resulted in an additional zakat obligation on the company in the amount of SR 901,209, and an amount of SR 434,058 was paid during the fourth quarter of 2020, The company filed its objection to the remaining amount of SR 467,151.
- On November 2, 2022, the Zakat, Tax and Customs Authority informed the company of rejecting the objection, and accordingly, the company paid these differences.

### 13. Investment income

Investment income for the period ended September 30 is as follows:

	<u>For the three month period</u> <u>ending September 30</u>		<u>For the nine month period</u> <u>ending September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
Saudi Industrial Investment Group	-	-	22,791,720	7,597,240
Saudi Arabian Oil Company (Aramco Saudi Arabia)	12,481	12,482	37,445	37,447
Southern Region Cement Company	90,499	150,834	241,332	452,498
Aqua Power Co.	-	-	119	-
	<u>102,980</u>	<u>163,316</u>	<u>23,070,616</u>	<u>8,087,185</u>

### 14. The company's share from the results of the business of associates

The company's share from the results of the business of associates for the period ended September 30, is represented by the following:

	<u>For the three month period</u> <u>ending September 30,</u>		<u>For the nine month period</u> <u>ending September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
Arab Company for Tanks Ltd	(501,230)	(293,715)	(950,810)	703,037

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### 15. Basic and diluted profit per share of net profit for the period

	<u>For the three month period</u> <u>ending September 30,</u>		<u>For the nine month period</u> <u>ending September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
Net (loss) profit for the period	(3,140,627)	827,940	17,208,246	8,187,198
Weighted average number of shares	15,000,000	15,000,000	15,000,000	15,000,000
(Loss) Basic and diluted earnings per share from net profit for the period	<u>(0.21)</u>	<u>0,06</u>	<u>1,15</u>	<u>0,55</u>

### 16. Dividends

The Ordinary General Assembly of Shareholders on June 28, 2022 corresponding to Dhu al-Qa'dah 29 1443H had approved the Board of Directors' recommendation on March 23, 2022 corresponding to 20 Shaban 1443H to distribute dividends for the fiscal year 2021 amounting to SR. 7.5 million, equivalent to (5%) of the company's capital at halalas 50 per share (2020: SR. 11.25 million, at halalas 75 per share), provided that the dividend will be distributed on Thursday, July 14, 2022 corresponding to Dhu al-Hijjah 15, 1443 H.

### 17. Statutory reserve

Pursuant to the provisions of the Companies Act in the Kingdom of Saudi Arabia, the company is required to set aside 10% of the net annual income as a statutory reserve until it amounts to 30% of the share capital. This reserve is not available for distribution.

### 18. Segment information

The company is currently engaged in investing in local companies, and therefore its activity is limited to the investment sector, and it has no other business sectors, therefore, it does not report on operating segments in multiple products or in different geographies.

### 19. Financial risk management

The Company's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value, and price risk), credit risk and liquidity risk.

The company's overall risk management program focuses on the fluctuations of the financial markets and the company's management attempts to minimize potential negative impacts on the company's financial performance.

#### Financial risk management framework

The risk management policy is implemented by the senior management in accordance with the policies approved by the Board of Directors. The senior management identifies, assesses and hedges financial risks in close cooperation with the operating units of the company. The most important types of risk are credit risk, currency risk or fair value and interest rates for cash flows.

The Board of Directors has an overall responsibility for establishing and overseeing the Company's risk management framework, the executive management is responsible for developing and monitoring the company's risk management policies, any changes or matters related to compliance with policies are reported to the Board of Directors through the Audit Committee.

The risk management regulations are reviewed regularly by the executive management to reflect changes in market conditions and the company's activities, the company aims, through training, management standards and procedures, to develop a responsible and constructive control environment so that all employees are aware of their roles and obligations.

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## Notes to consolidated interim condensed financial statements for the three and nine months periods ended September 30, 2022 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

### 19. Financial risk management...(Continued)

#### Financial risk management framework...(Continued)

The audit committee oversees the management's compliance with the company's risk management policies and procedures, and reviews the appropriateness of the risk management framework in relation to the risks encountered by the company.

Financial instruments included in the statement of financial position consist of receivables and other current assets, due from associates, accruals and other current liabilities. The methods of evidence used are disclosed in the policy statement relating to each item.

#### Foreign exchange rate risk

Foreign exchange rate risk arises from changes and fluctuations in the value of financial instruments as a result of changes in foreign exchange rates.

The company did not carry out any transactions of materiality in currencies other than the Saudi Riyal, the US dollar. Since the Saudi Riyal exchange rate is pegged with the US dollar, and it does not represent significant currency risks. The company's management monitors the currency exchange rates and believes that foreign exchange rate risk is not material.

#### Share price risk

The company is exposed to market price risks on its investments in traded shares arising from uncertainties surrounding the future value of traded shares. Reports on investment in traded shares are reported to the senior management on a regular basis.

#### Credit risk

Credit risk is the risk that one party in a financial instrument will fail to fulfill an obligation and causes the company to incur a financial loss. The Company's financial instruments that are subject to credit risk are primarily including of cash and cash equivalents, receivables and other current assets. The company monitors credit risk related to receivable and related party balances and establishes provision for doubtful balances. The company deposits its funds in banks with high reliability and creditworthiness. The company also has a policy regarding the amount of funds deposited in each bank, and the management does not expect the existence of significant credit risks resulting from this.

#### Liquidity risk

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

#### Capital risk management

For the purpose of managing the company's capital risk, the company's capital structure consists of shareholders' equity (consist of share capital, statutory reserve, retained earnings and equity instruments valuation reserve at FVOCI). The main objective of capital management is to maximize shareholders' equity.

The company manages and adjusts its share capital structure in view of changes in economic conditions and financial commitment requirements. In order to maintain or adjust the share capital structure, the company may adjust dividends to shareholders or issue new shares.

The company has no capital structure with specific objectives or rates to be achieved in connection with managing capital risk. The overall strategy of the company remains unchanged from the previous year.



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### 19. Financial risk management...(Continued)

#### Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences may arise between the carrying amounts and fair value estimates. The definition of fair value is based on the measurement to the market and the assumptions used by market participants.

#### Fair value of financial instruments carried at amortized cost

Management believes that the carrying amounts of financial assets and financial liabilities carried at amortized cost in the Consolidated interim condensed financial statements approximate their fair value.

### 20. Position of the lawsuits

On 28 Rajab 1428 H, the company filed a lawsuit with the Board of Grievances against the Saudi Arabian Oil Company (Saudi Aramco) claiming revenues payable from prior years with sum of SR 2,03 billion.

On July 14 2014 (corresponding to 17 Shaban 1435 H), a judgment was issued by the Administrative Court in Dammam (the Board of Grievances), and on Muharram 17, 1436 H, this judgment was supported by the Dammam Court of appeal and stamped as final judgment, that Saudi Aramco must pay an amount of SR 137,1 million to the company.

The company filed a grievance appeal to the Royal Highness on February 18, 2016 (corresponding to Jumada Al-Awwal 9, 1437H), requesting the implementation of the aforementioned judgment and to oblige Saudi Aramco to pay. The law suit was referred to the Supreme Administrative Court in Riyadh for reconsideration and to issue a final judgment thereof.

The company was notified on February 11, 2020 (corresponding to 17 Jumada al-Akhir 1441H) by the legal advisor in charge of following up with the cassation of judgment along with the supporting judgment, and judged again to reject the lawsuit against the Saudi Arabian Oil Company (Saudi Aramco).

### 21. Impact of Coronavirus (Covid-19)

The impact of the spread of the Corona Virus (Covid-19) pandemic was disclosed in the annual financial statements for the year ending on December 31, 2021. The company's management did not notice any significant impact on the company's operations during the nine-month period ending on September 30, 2022, as operations returned to their previous state during the third quarter of the year 2020. On the other hand, the company's management continues to closely monitor the situation of Covid-19 based on potential developments. The management has not been aware of any factors that would change the impact of the pandemic on the company's operations during or after 2022.

### 22. Comparative figures

The comparative figures did not include the business results of the subsidiary company Al Sadu Company for Investment, as the commercial registration of the subsidiary company was issued on June 19, 2022 (corresponding to Dhu al-Qa'dah 20, 1443H) and it has not started its activities yet.

### 23. Subsequent events

The management believes that there have been no significant subsequent events since the date of the Company's Consolidated interim condensed financial statements for the period ended September 30, 2022, until the date of preparing these financial statements, they may have a material impact on the financial position of the Group.

### 24. Approval of the Consolidated interim condensed financial statements

These Consolidated interim condensed financial statements, were approved by the Board of Directors on December 6, 2022 (corresponding to Jumada al Ulla 12, 1444 H).