

**Saudi Chemical Holding Company
(A Saudi Joint Stock Company)**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD
ENDED 31 MARCH 2023**

Saudi Chemical Holding Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2023

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**Independent auditor's review report on the interim condensed consolidated financial statements
To the shareholders of Saudi Chemical Holding company
(A Saudi Joint Stock Company)**

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Chemical Holding Company – a Saudi Joint Stock Company (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 31 March 2023, and the related interim condensed consolidated statements of comprehensive income and cash flows and changes in shareholders’ equity for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Board of directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 interim financial statements consists of making inquiries, primarily to 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 that are 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

Fahad M. Al-Toaimi
Certified Public Accountant
License No. 354

Riyadh: 24 Shawwal 1444H
(14 May 2023)




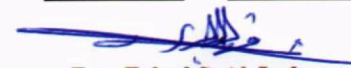
Saudi Chemical Holding Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2023

		31 March 2023 SR '000 (Unaudited)	31 December 2022 SR '000 (Audited)
	<i>Notes</i>		
Assets			
Non- current assets			
Property, plant and equipment	3.1	421,894	429,073
Capital work in progress	3.2	706,918	711,180
Intangible assets and goodwill	3.3	613,668	614,218
Right of use assets		18,372	19,337
Derivative financial instruments	4	-	4,198
Investment in a joint venture	6	250	250
Total non- current assets		1,761,102	1,778,256
Current assets			
Inventories		1,164,514	1,107,992
Trade receivables	5	1,672,077	1,513,481
Amounts due from a related party	6	3,668	3,668
Prepayments and other current assets		150,406	142,550
Cash and cash equivalents		104,286	91,215
Total current assets		3,094,951	2,858,906
Total assets		4,856,053	4,637,162
Liabilities and equity			
Equity			
Share capital	7	843,200	843,200
Statuary reserve		341,868	341,868
General reserve		340,000	340,000
Retained earnings		167,084	134,815
Equity attributable to equity holders of the parent		1,692,152	1,659,883
Non-controlling interests		7,733	7,976
Total Equity		1,699,885	1,667,859
Liabilities			
Non-current liabilities			
Long term Islamic loans	8.3	405,000	405,000
Saudi Industrial Development Fund's financing – non-current	8.1	335,144	334,114
Lease liabilities – non-current		12,229	13,754
Employee's defined benefit liabilities		55,866	56,532
Derivative financial instruments	4	431	-
Total non-current liabilities		808,670	809,400
Current liabilities			
Saudi industrial Development Fund's financing – current	8.1	24,798	24,751
Lease liabilities – current		3,641	4,459
Long-term islamic loans - current	8.3	35,000	35,000
Short-term Islamic loans	8.2	813,076	689,961
Trade payable		1,233,253	1,148,417
Accrued expenses and other liabilities		156,584	144,652
Zakat and income tax payable	9	67,838	57,197
Dividends payable		13,308	55,466
Total current liabilities		2,347,498	2,159,903
Total liabilities		3,156,168	2,969,303
Total Equity and Liabilities		4,856,053	4,637,162


Sameh Hassan
Group CFO


Eng. Thamer Al-Muhaid
Group CEO


Eng. Fahad S. Al-Jarbou
Chairman of BOD

The attached notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

Saudi Chemical Holding Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPERREHENSIVE INCOME
For the three months periods ended 31 March 2023

		<i>For the three-month period ended 31 March</i>	
	<i>Notes</i>	2023 SR '000 (Unaudited)	2022 SR '000 (Unaudited)
Revenues		1,039,315	903,991
Cost of revenues		(887,091)	(776,497)
Gross profit		152,224	127,494
Selling and distribution expenses		(40,984)	(36,773)
General and administrative expenses		(31,082)	(25,161)
Expected credit loss on trade receivables	5	(10,252)	(8,250)
Operating profit		69,906	57,310
Financial cost		(21,352)	(10,778)
Other income (expenses), net		457	(79)
Foreign currency exchange (losses) gain		(454)	(4,375)
Revaluation loss on derivative financial instruments	4	(4,629)	-
Profit before zakat and income tax		43,928	42,078
Zakat and income tax expenses	9	(11,476)	(9,075)
Net profit for the period		32,452	33,003
Other comprehensive income for the period		-	-
Total comprehensive income for the period		32,452	33,003
Net profit for the period attributable to:			
Equity holders of the parent		32,269	32,706
Non-controlling interests		183	297
		32,452	33,003
Basic and diluted earnings per share (SR)	10	0.38	0.39



Sameh Hassan
Group CFO



Eng. Thamer Al-Muhaid
Group CEO



Eng. Fahad S. Al-Jarbou
Chairman of BOD

Saudi Chemical Holding Company
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-months period ended 31 March 2023

Attributable to the equity holders of the parent

	Share capital SR '000	Statutory reserve SR '000	General reserves SR '000	Retained earnings SR '000	Total SR '000	Non-controlling interests SR '000	Total equity SR '000
At 31 December 2021 (Audited)	843,200	333,846	340,000	100,585	1,617,631	7,617	1,625,248
Net profit for the period	-	-	-	32,706	32,706	297	33,003
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	32,706	32,706	297	33,003
At 31 March 2022 (Unaudited)	843,200	333,846	340,000	133,291	1,650,337	7,914	1,658,251
At 31 December 2022 (Audited)	843,200	341,868	340,000	134,815	1,659,883	7,976	1,667,859
Net profit for the period	-	-	-	32,269	32,269	183	32,452
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	32,269	32,269	183	32,452
Dividends	-	-	-	-	-	(426)	(426)
At 31 March 2023 (Unaudited)	843,200	341,868	340,000	167,084	1,692,152	7,733	1,699,885

For the three-month period ended 31 March 2023

At 31 December 2022 (Audited)

Net profit for the period

Other comprehensive income for the period

Total comprehensive income for the period

Dividends

At 31 March 2023 (Unaudited)



Samah Hassan
Group CFO



Eng. Thamer Al-Muhaid
Group CEO



Eng. Fahad S. Al-Jarbou
Chairman of BOD


The attached notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

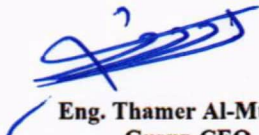
Saudi Chemical Holding Company
(A Saudi Joint Stock Company)


INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-months period ended 31 March 2023

	<i>For the three-month period ended 31 March</i>	
	2023	2022
	SR'000	SR'000
	(Unaudited)	(Unaudited)
Operating activities		
Profit before zakat and income tax and non-controlling interests	43,928	42,078
Adjustments for:		
Amortization of intangible assets	550	483
Depreciation of property, plant and equipment	9,186	10,150
Depreciation of right-of-use assets	979	806
Loss on sale of property, plant and equipment	-	317
Provision for inventories	5,367	4,724
Expected credit loss on trade receivables	10,252	8,250
Provision for employees' defined benefit obligation	1,913	2,330
Revaluation loss on derivative financial instruments	4,629	-
Finance costs	21,352	10,778
Working capital changes:		
Inventories	(61,889)	137,744
Trade receivables	(168,848)	(229,085)
Prepayments and other current assets	(7,855)	6,479
Trade payables	84,839	(79,417)
Accrued expenses and other liabilities	9,108	(2,801)
Cash used in operations	(46,489)	(87,164)
Employees defined benefit obligation paid	(2,579)	(933)
Zakat and income tax paid	(835)	-
Finance costs paid	(18,337)	(10,547)
Net cash used in operating activities	(68,240)	(98,644)
Investing activities		
Purchase of property, plant and equipment and capital work in progress	(4,251)	(35,926)
Proceeds from customs refund	6,506	-
Proceeds from disposal of property, plant and equipment	-	85
Net cash from (used in) investing activities	2,255	(35,841)
Financing activities		
Payment of principal portion of lease liabilities	(1,473)	(2,851)
Change in short-term Islamic loans	123,115	192,763
Dividends paid to equity holders of the parent	(42,160)	(42,160)
Dividends paid to non-controlling interests	(426)	-
Net cash from financing activities	79,056	147,752
Net decrease in cash and cash equivalents	13,071	13,267
Cash and cash equivalents at the beginning of the period	91,215	101,194
Cash and cash equivalent at the end of the period	104,286	114,461


Sameh Hassan
 Group CFO


Eng. Thamer Al-Muhaid
 Group CEO


Eng. Fahad S. Al-Jarbou
 Chairman of BOD

The attached notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

Saudi Chemical Holding Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As at 31 March 2023

1 CORPORATE INFORMATION AND ACTIVITIES

Saudi Chemical Holding Company (the "Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia, under commercial registration number 1010006161 dated 12 Safar 1392H (corresponding to 28 March 1972). The registered office of the Company is: P.O. Box 2665 Riyadh 11461, Kingdom of Saudi Arabia. The company is listed in Tadawul stock exchange.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in:

- Managing the subsidiaries or participating in the management of other investees and providing the required support for these entities and real estate ownership.
- Manufacturing and selling of explosives and their derivatives for civil or military uses and providing technical support services in explosions.
- Manufacturing, wholesale and retail trading in medicines, medical materials and syrups, pharmaceutical preparations, medical and surgical tools and equipment, supplies of hospitals and medical centers and its related spare parts and food items; and
- Manufacture of ammonium nitrate.

These interim condensed consolidated financial statements include the financial statements of the Company and the financial statements of its following subsidiaries:

<i>Subsidiary</i>	<i>Country of incorporation</i>	<i>Main Activity</i>	<i>Ownership %</i>	
			<i>31 March 2023</i>	<i>31 December 2022</i>
Saudi International Trading Company ("SITCO Pharma")	Kingdom of Saudi Arabia	Distribution of Medicines	99%	99%
Suez International Nitrate Company ("SINCO")	Arab Republic of Egypt	Production of Ammonium Nitrate	100%	100%
Chemical Company for Commercial Investment Limited ("CCCIL")	Kingdom of Saudi Arabia	Wholesale and retail trade in medicines and medical equipment	100%	100%
AJA Pharmaceuticals Industries Company Limited ("AJA Pharma Company")	Kingdom of Saudi Arabia	Establishment & Ownership of medical factories	100%	100%
Saudi Chemical Company Limited ("SCCL")	Kingdom of Saudi Arabia	Establishment & Ownership of explosive factories	100%	100%

During 2022, the subsidiary ("Chemical Company for Commercial Investment Limited") invested in Supply Chain for Logistic Services Company.

Saudi Chemical Holding Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2023

2 BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS"), "Interim Financial Reporting" ("IAS 34") as endorsed in KSA and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The interim condensed consolidated financial statements do not include all the information and disclosures required for a complete set of annual consolidated financial statements and therefore, should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

An interim period is considered an integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

Basis of measurement and functional currency

These interim condensed consolidated financial statements are presented in thousands of Saudi Riyals (SR) unless stated otherwise. Saudi Riyal (SR) is also the functional currency of the Group. Saudi Riyal (SR) is the presentation currency of the Company and all its subsidiaries except for SINCO which uses United States Dollar (USD) as its presentation currency.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended 31 December 2022.

The Group has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective.

Many of the amendments and interpretations are effective for the first time in 2023, but do not have any material impact on the Group's interim condensed consolidated financial statements. The nature and impact of these changes are disclosed below.

Definition of Accounting Estimates - Amendments to IAS 8

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

The amendments had no impact on the Group's interim condensed consolidated 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 had no impact on the Group's interim condensed consolidated financial statements but are expected to affect the accounting policy disclosures in the Group's annual consolidated 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 interim condensed consolidated financial statements.

2.2 ACCOUNTING ESTIMATES AND ASSUMPTIONS AND JUDGMENTS

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Actual results may differ from these estimates. The significant judgments reached by the management when preparing these condensed consolidated interim financial statements in applying the company's accounting policies and the main sources of estimation uncertainty, including risk management policies are the same applied in the annual financial statements for the year ending on 31 December 2022.

Saudi Chemical Holding Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2023

3 PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK IN PROGRESS AND INTANGIBLE ASSETS

3.1 PROPERTY, PLANT AND EQUIPMENT

The following is a summary of the movement in property, plant and equipment:

	31 March 2023	31 December 2022
	SR '000	SR '000
	(Unaudited)	(Audited)
Cost		
Balance at the beginning of the period/year	942,470	934,410
Additions	2,007	7,580
Disposals	(192)	(1,076)
Transfers from capital work in progress	-	1,556
Balance at the end of the period/year	944,285	942,470
Accumulated depreciation		
Balance at the beginning of the period/year	513,397	474,913
Charge for the period/year	9,186	39,232
Disposals	(192)	(748)
Balance at the end of the period/year	522,391	513,397
Net book value	421,894	429,073

3.2 CAPITAL WORK IN PROGRESS

The following is a summary of the movement in Capital work in progress:

	31 March 2023	31 December 2022
	SR '000	SR '000
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	711,180	608,293
Additions	2,244	104,443
Transfers to property, plant and equipment	-	(1,556)
Customs refund	(6,506)	-
Balance at the end of the period/year	706,918	711,180

Finance costs included in the cost of qualifying assets during the three months ended 31 March 2023 amounted to SR 699 thousand (31 March 2022:SR 815 thousand).

Capital work-in-progress mainly represents costs incurred in establishing the group's pharmaceutical factory in Hail Industrial City, a new explosives factory in Riyadh, in addition to other projects carried out to comply with security regulations.

Refer to Note 12.2 the capital commitments related to these projects. Commercial operation of the two projects is expected to commence during the current year.

The Group's pharmaceutical factory in Ha'il and the new explosives plant in Riyadh including the buildings, machineries, vehicles and all related assets have been pledged to the benefit of SIDF to secure the related loans.

Saudi Chemical Holding Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2023

3 PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK IN PROGRESS AND INTANGIBLE ASSETS

3.3 INTANGIBLE ASSETS AND GOODWILL

The following is a summary of the movement in Intangible assets:

	<i>New brand key money</i>	<i>Computer software</i>	<i>Goodwill</i>	<i>Other intangible assets*</i>	<i>Total</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
<i>Cost</i>					
As at 1 January 2023	12,500	22,455	469,807	138,820	643,582
Additions	-	-	-	-	-
As at 31 March 2023	12,500	22,455	469,807	138,820	643,582
<i>Amortization and impairment</i>					
As at 1 January 2023	9,500	19,864	-	-	29,364
Amortization	375	175	-	-	550
As at 31 March 2023	9,875	20,039	-	-	29,914
Net book value					
As at 31 March 2023	2,625	2,416	469,807	138,820	613,668
	<i>New brand key money</i>	<i>Computer software</i>	<i>Goodwill</i>	<i>Other intangible assets*</i>	<i>Total</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
<i>Cost</i>					
As at 1 January 2022	12,500	21,026	469,807	-	503,333
Additions	-	1,429	-	138,820	140,249
As at 31 December 2022	12,500	22,455	469,807	138,820	643,582
<i>Amortization and impairment</i>					
As at 1 January 2022	8,000	19,260	-	-	27,260
Amortization	1,500	604	-	-	2,104
As at 31 December 2022	9,500	19,864	-	-	29,364
Net book value					
As at 31 December 2022	3,000	2,591	469,807	138,820	614,218

*Additions to other intangible assets in the year ended 31 December 2022 represent the acquisition of rights of manufacturing, marketing, and distribution of one medicine in Saudi Arabia. The subsidiary - AJA Pharmaceutical Industries Company (AJA Pharma) will be the manufacturer and supplier in KSA market. Manufacturing will commence after obtaining the necessary approvals from the competent authorities and expected during the second quarter of the current year.

4 DERIVATIVE FINANCIAL INSTRUMENTS

During May 2022 and January 2023, the company acquired derivative financial instruments classified at fair value through the interim condensed consolidated statement of comprehensive income which represent a portfolio of floating rate loans whose risks are economically hedged through profit rate swaps. The maturity dates range from 2025 to 2027 with three-month variable interest rate and SIBOR. Derivatives do not meet the criteria for hedge accounting. The nominal value of the contracts as at 31 March 2023 was SR 800 million (31 December 2022: SR 800 million). The change in the fair value of derivatives represents a loss of SR 4.6 million for the three-month period ended 31 March 2023 (31 March 2022: nil).

Saudi Chemical Holding Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2023

5 TRADE RECEIVABLES

	<i>31 March 2023 SR '000 (Unaudited)</i>	<i>31 December 2022 SR '000 (Audited)</i>
Trade receivables	1,890,968	1,722,120
Provision for impairment of trade receivable	(218,891)	(208,639)
Total	1,672,077	1,513,481

Trade receivables from Saudi government institutions represent 64% of the total trade receivables as of 31 March 2023 (31 December 2022: 62% of the total trade receivable). These institutions have a strong credit rating in the Saudi market.

The Group recognized an allowance for expected credit losses for trade receivables for the three months period ended 31 March 2023 in the amount of SR 10.25 million (31 March 2022: SR 8.2 million).

6 TRANSACTIONS WITH RELATED PARTIES

Related parties represent shareholders, Directors, key management personnel of the group, and entities controlled, jointly controlled, or significantly influenced by such parties. As at yearend, all transactions between subsidiaries were eliminated.

The following table shows the total amount of transactions made with related parties during the three-month period ending on 31 March 2023 and 31 March 2022, in addition to the balances with related parties as on 31 March 2023 and 31 December 2022:

Name of related party	Relationship	The nature of the transaction	Transaction amount		Balance as at	
			2023 SR '000	2022 SR '000	31 March 2023 SR '000	31 Decemb er2022 SR '000
Amounts due from a related party						
Supply Chain for Logistics Services	Joint venture	-	-	-	3,668	3,668
Amounts due to a related party						
Hillman Worldwide logistics	Partner in a joint venture	Affiliate services	4,350	2,523	17,663	13,313

*The balances of amounts due to a related party are classified under accrued expenses and other liabilities in the interim condensed consolidated statement of financial position.

Supply Chain for Logistics Services Company (the "Joint Venture") is a joint venture in which the Group owns a common control and partners' resolutions are adopted unanimously as per the Company's Articles of Association, with an ownership interest of 50%. The Joint Venture has been incorporated as per Saudi Regulations and registered in Riyadh under commercial registration number 1010846387 on 17 Jumada Al-Ula 1444H (11 December 2022) with a share capital at an amount of SR 500 divided into 500 shares with SR 1000 each. The objective of the Company is to provide transportation services, loading, unloading, warehousing and distribution.

7 SHARE CAPITAL

As at 31 March 2023, the share capital of the Company was SR 843,200,000 (31 December 2022: SR 843,200,000) which is comprised of 84,320,000 shares (31 December 2022: 84,320,000 shares) of SR 10 each.

Saudi Chemical Holding Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2023

8 LOANS AND BORROWINGS

8.1 SAUDI INDUSTRIAL DEVELOPMENT FUND'S FINANCING

The long-term loans were obtained by two subsidiaries of the Group from Saudi Industrial Development Fund ("SIDF") to meet the Group's capital expenditure. The first loan was obtained by AJA Pharmaceuticals Industries Limited ("AJA Pharma") during 2016 and amounted to SR 157.5 million, of which the full amount of the facility has been utilized as at 31 March 2023 (31 December 2022: SR157.5 million). The second loan was obtained by Saudi Chemical Company Limited ("SCCL") during 2020 and amounted to SR 229 million, of which the full amount of the facility has been utilized as at 31 March 2023 (31 December 2022: SR 229 million).

The loan to AJA Pharma is repayable in sixteen semi-annual instalments starting from 15 Shawwal 1444 H (corresponding to 5 May 2023), while the loan to SCCL is repayable in fourteen semi-annual instalments starting from 15 Rabi Al-Thani 1444 H (corresponding to 9 November 2022).

The loans from SIDF carried fixed commission charges of SR 26.4 million, which have been paid upfront by the Group at the beginning of the loan term. The commission charges are being amortized over the terms of the loans. As at 31 March 2023, the unamortized balance amounted to SR 15.6 million (31 December 2022: SR 16.6 million).

The amortization of such qualified charges along with other finance costs of the loan are capitalized as part of the carrying value of the property, plant and equipment (during the construction period).

The agreements are secured promissory notes, and pledge of the subsidiaries' property, plant and equipment. The subsidiaries are required to comply with certain covenants under the loan facilities obtained.

The following represents a summary of information about the Saudi Industrial Development Fund's:

	31 March 2023 SR '000 (Unaudited)	31 December 2022 SR '000 (Audited)
Loans from Saudi Industrial Development Fund	378,500	378,500
Less: Unamortized processing fees	(15,652)	(16,619)
Present value adjustment	(2,906)	(3,016)
	359,942	358,865
Current	24,798	24,751
Non-current	335,144	334,114
	359,942	358,865

Movement in unamortized transaction costs are as follows:

	31 March 2023 SR '000 (Unaudited)	31 December 2022 SR '000 (Audited)
Balance at the beginning of the period/year	16,619	20,409
Amortized during the period/year	(967)	(3,790)
Balance at the end of the period/year	15,652	16,619

8.2 SHORT-TERM ISLAMIC LOANS

The Group is using Islamic financing to finance its business operations. These facilities bear finance cost at SIBOR plus prevailing market rates. The facilities are secured by promissory notes. The facilities agreement includes covenants requiring the maintenance of certain levels of financial ratios.

Saudi Chemical Holding Company (A Saudi Joint Stock Company)

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As at 31 March 2023

8 LOANS AND BORROWINGS (CONTINUED)

8.3 LONG TERM ISLAMIC LOANS

In June 2022, the Group acquired a long-term Islamic loan from a local bank in the amount of SR 300 million to finance the construction of the subsidiary's factory. The loan is subject to the prevailing interest rates between the Saudi banks (SAIBOR) plus a profit margin. The loan is repayable in 6 years in quarterly installments after a grace period two years.

Also, during June 2022, the Group acquired a long-term Islamic loan from a local bank in the amount of SR 140 million to finance its acquisition of a pharmaceutical product. The loan is subject to the prevailing interest rates between the Saudi banks (SAIBOR) plus a profit margin. The loan is repayable in equal 8 semi-annual installments with the last installment payable in September 2027 after a grace period of one year.

9 ZAKAT AND INCOME TAX

Movement in Zakat and income Tax provision during the period/year

	31 March 2023 SR '000 (Unaudited)	31 December 2022 SR '000 (Audited)
As at the beginning period/year	57,197	46,229
Charged during the period/year	11,476	33,180
Paid during the period/year	(835)	(22,212)
As at the end of the period/year	67,838	57,197

Zakat and income tax provisions of SR 11 million were recognized by the Group during the three months period ended 31 March 2023 (31 March 2022: SR 9.1 million). The Company, SITCO Pharma, CCCIL, AJA Pharma and SCCL have filed their zakat declarations and obtained zakat certificates for the years up to 2022.

The Group obtained the approval from Zakat, Tax and Customs Authority ("ZATCA") to submit consolidated zakat returns for the holding company and the following subsidiaries: SCCL, AJA Pharma, and CCCIL starting from the year 2020. In addition, SITCO Pharma submits a separate zakat return.

As at 31 December 2021, the Group obtained the final zakat assessments from the ZATCA up to the year 2020, which resulted in an additional amount of SR 25 million included in the provision. The assessment is being contested by the Group in accordance with the relevant procedures, and does not expect any additional negative effects to result from the final assessment.

SITCO Pharma have filed their zakat declarations for the years up to 2021. During the year ended 31 December 2019, the company obtained the final zakat assessments for years up to 2017 from ZATCA, and did not result in any differences from the final assessment.

INCOME TAX

The income tax expense payable by a foreign subsidiary, in accordance with the prevailing tax regulations in its country, for the period ended 31 March 2023 amounted to SR 835 thousand (31 December 2022: SR 204.3 thousand). The income tax payment for the period has been postponed until submission of the final tax returns.

10 BASIC AND DILUTED EARNING PER SHARE

Earnings per share is computed using net profit for the period attributable to Shareholders of the Group based on the weighted average number of shares outstanding during that period. The diluted earnings per share are the same as the basic earnings per share as the Group does not have any dilutive instruments in issue.

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As at 31 March 2023

11 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

11.1 Fair value Hierarchy

Assets and liabilities measured at fair value in the interim condensed consolidated statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All the financial assets and liabilities of the Company are carried at amortized cost except for derivative financial instruments. Therefore, the fair value hierarchy disclosure which requires a three-level category of fair value is not disclosed.

11.2 Carrying amount vs Fair value

	Fair value measurement hierarchy	31 March 2023 (Unaudited)		31 December 2022 (Audited)	
		Carrying value	Fair value	Carrying value	Fair value
Derivative financial instruments	Level 2	(431)	(431)	4,198	4,198

The derivative financial instrument is carried at fair value using valuation techniques, which employ the use of market observable inputs.

The Group considers that the carrying amount of trade receivables, other assets, cash and cash equivalents, Saudi Industrial Development Fund's financing, long term Islamic loans, lease liabilities, short-term Islamic loans, trade payables, dividends payable, accrued expenses and other liabilities are a reasonable approximation of their fair value.

12 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

12.1 CONTINGENT LIABILITIES

- A) As at 31 March 2023, the Group had outstanding letters of guarantee amounting to SR 294 million (31 December 2022: SR 377.6 million), issued in the normal course of business of the Group. Moreover, as at 31 March 2023, the Group had outstanding letters of credit amounting to SR 121.6 million (31 December 2022: SR 37.7 million).
- B) The Group has contingent liabilities from time to time relating to certain disputed matters, including claims from and against contractors, litigation and arbitration proceedings involving a variety of cases. These contingent liabilities arose in the normal course of business. The management believes and with the consulting of its legal consultant that no significant obligations are expected to be incurred from these potential claims.

12.2 COMMERCIAL AND CAPITAL COMMITMENTS

Capital commitments outstanding as at 31 March 2023, in respect of capital work in progress projects of SR 108 million (31 December 2022: SR 117.8 million).

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As at 31 March 2023

13 SEGMENTAL INFORMATION

For management purposes, the group consists of business units according to the products and services it provides. The Group's operations are principally in the explosives, medicines and medical supplies and production of ammonium nitrate. Except for the information related to the production of ammonium nitrate segment that is located in the Arab Republic of Egypt, all other information is related to the business segments in the Kingdom of Saudi Arabia. All inter-company transactions within the appropriately reported segments have been eliminated.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated on the basis of the statement of comprehensive income and is measured on a consistent basis based on profit or loss in the consolidated financial statements.

Revenues for the three-month period ending 31 March 2023 include sales to one government customer, amounting to SR 401 million, or 39% of the total revenues (31 March 2022: SR 373 million, or 40% of the total revenues).

	<i>Explosives</i>	<i>Medicine and medical supplies</i>	<i>Production of ammonium nitrate</i>	<i>Head office</i>	<i>Eliminations / Adjustments</i>	<i>Total</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
<i>As at 31 March 2023 (Unaudited)</i>						
Segment assets	935,688	3,549,380	162,058	1,798,504	(1,589,577)	4,856,053
Segment liabilities	693,746	2,719,695	130,910	97,903	(486,086)	3,156,168
<i>As at 31 December 2022 (Audited)</i>						
Segment assets	903,821	3,334,552	144,128	1,780,765	(1,526,104)	4,637,162
Segment liabilities	694,919	2,470,567	126,496	118,883	(441,562)	2,969,303
	<i>Explosives</i>	<i>Medicine and medical supplies</i>	<i>Production of ammonium nitrate</i>	<i>Head office</i>	<i>Eliminations / Adjustments</i>	<i>Total</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
<i>For the three-month period ended 31 March 2023 (Unaudited)</i>						
Revenues	130,294	909,021	-	-	-	1,039,315
Intersegment revenue	-	10,863	26,155	-	(37,018)	-
<i>Net revenues</i>	<i>130,294</i>	<i>919,884</i>	<i>26,155</i>	<i>-</i>	<i>(37,018)</i>	<i>1,039,315</i>
<i>Segment comprehensive income (loss)</i>	<i>33,063</i>	<i>6,675</i>	<i>1,537</i>	<i>39,593</i>	<i>(48,416)</i>	<i>32,452</i>

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As at 31 March 2023

13 SEGMENTAL INFORMATION (CONTINUED)

	<i>Explosives</i>	<i>Medicine and medical supplies</i>	<i>Production of ammonium nitrate</i>	<i>Head office</i>	<i>Eliminations / Adjustments</i>	<i>Total</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
<i>For the three-month period ended 31 March 2022 (Unaudited)</i>						
Revenues	81,153	817,924	4,914	-	-	903,991
Intersegment revenue	-	33,611	11,529	-	(45,140)	-
<i>Net revenues</i>	<i>81,153</i>	<i>851,535</i>	<i>16,443</i>	<i>-</i>	<i>(45,140)</i>	<i>903,991</i>
<i>Segment comprehensive income (loss)</i>	<i>12,883</i>	<i>30,558</i>	<i>(1,161)</i>	<i>32,706</i>	<i>(41,983)</i>	<i>33,003</i>

14 DIVIDENDS

In its meeting held on 10 Shawwal 1443H (corresponding to 11 May 2022), the Ordinary General Assembly of the Company has authorized the Board of Directors to distribute interim dividends on a quarterly or semi-annual basis for the fiscal year 2022.

The Board of Directors, in its meeting held on 24 Jumada Al Awal 1444H (corresponding to 18 December 2022), approved the distribution of interim cash dividends amounting to SR 42,160,000 for the period ended 30 September.

15 COMPARATIVE FIGURES

Certain comparative figures for the previous period have been reclassified to conform to the current period's presentation.

16 SUBSEQUENT EVENTS

The management of the Group believes that no significant events have occurred subsequent to the period end that may require adjustment to or disclosure in these interim condensed consolidated financial statements.

17 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements have been approved by the Board of Directors of the Company on 21 Shawwal 1444H (corresponding to 11 May 2023).