

**AQASEEM FACTORY FOR CHEMICALS AND PLASTICS CO.
(SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE PERIOD ENDED JUNE 30, 2022**

**AQASEEM FACTORY FOR CHEMICALS AND PLASTICS CO.
(SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE PERIOD ENDED IN JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of
AQASEEM FACTORY FOR CHEMICALS AND PLASTICS CO.
(Saudi Joint Stock Company)
Riyadh, Saudi Arabia**

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of Aqaseem Factory for Chemicals and Plastics Company, (A Saudi Joint Stock Company) (the "Company") as at June 30, 2022 and the related interim condensed statements of profit or loss, other comprehensive income changes in equity and cash flows for the six months period then ended, and summary of significant accounting policies and the related notes which form an integral part of these interim condensed financial information.

Management is responsible for the preparation and presentation of these interim condensed financial information 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 this 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 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 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 AlKharashi & Co.

Abdullah Suliman Almesned
Certified Public Accountant
License No. 456



**Riyadh at:
August 22, 2022 G
Muharram 24, 1444 H**

AQASEEM FACTORY FOR CHEMICALS AND PLASTICS CO.

(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION**AS AT JUNE 30, 2022**

(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	June 30, 2022 (unaudited)	December 31, 2021 (audited)
ASSETS			
Non-current assets			
Property, plant, and equipment, net		9,489,740	9,951,104
Work in progress		2,596,877	2,454,591
Right of use assets		3,666,640	3,154,007
Intangible assets		6,000,000	6,000,000
TOTAL NON-CURRENT ASSETS		21,753,257	21,559,702
Current assets			
Inventory		15,868,218	14,305,732
Trade receivables, net		30,040,163	26,399,071
Other receivables		12,364,081	10,397,429
Cash and cash equivalents		1,855,274	3,241,315
TOTAL CURRENT ASSETS		60,127,736	54,343,547
TOTAL ASSETS		81,880,993	75,903,249
LIABILITIES AND EQUITY			
Equity			
Capital	4	25,000,000	25,000,000
Statutory reserve	5	1,628,973	1,628,973
Retained earnings		15,023,282	13,310,761
Total equity		41,652,255	39,939,734
Non-current liabilities			
Loans – Non-current portion	6	3,430,668	5,386,559
Lease liabilities – non-current portion		2,164,151	2,607,194
Employee benefit obligations		961,981	1,030,016
TOTAL NON-CURRENT LIABILITIES		6,556,800	9,023,769
Current liabilities			
Loans – Current portion	6	4,683,386	5,472,017
Lease liabilities - Current portion		2,535,503	1,672,496
Trade payables and other payable balances		26,057,822	19,080,851
Provision for zakat	7	395,227	714,382
TOTAL CURRENT LIABILITIES		33,671,938	26,939,746
TOTAL LIABILITIES		40,228,738	35,963,515
TOTAL LIABILITIES AND EQUITY		81,880,993	75,903,249

Chief financial officer_____
Chief Executive officer_____
Chairman

AQASEEM FACTORY FOR CHEMICALS AND PLASTICS CO.
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED AT JUNE 30, 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	June 30, 2022 (unaudited)	June 30, 2021 (unaudited)
Revenues		61,237,374	45,578,537
Cost of revenues		<u>(48,972,699)</u>	<u>(33,660,204)</u>
Gross profit		12,264,675	11,918,333
Expenses and Administrative Expenses:			
Marketing and distribution expenses		(7,252,338)	(6,068,543)
General and administrative expenses		(2,291,243)	(1,421,333)
Financial costs		(540,767)	(340,246)
Right of use assets depreciation		<u>(482,156)</u>	<u>(473,809)</u>
Main Business's net profit		1,698,171	3,614,402
Other Businesses Results:			
Other income		<u>386,821</u>	<u>346,300</u>
Net Profit before zakat		2,084,992	3,960,702
Zakat expense	7	<u>(372,471)</u>	<u>-</u>
Net profit after Zakat		1,712,521	3,960,702
OTHER COMPREHENSIVE INCOME			
		-	-
Net comprehensive income for the period		<u>1,712,521</u>	<u>3,960,702</u>

Chief financial officer

Chief Executive officer

Chairman

AQASEEM FACTORY FOR CHEMICALS AND PLASTICS CO.
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN SHARHOLDERS' EQUITY
FOR THE PERIOD ENDED AT JUNE 30, 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Share capital	Statutory Reserve	Other contribution s to the capital	Retained earnings	Total Equity
Balance as at January 01, 2021 (Audited)	25,000,000	906,962	7,881	6,812,659	32,727,502
Net Comprehensive income for the year (Unaudited)	-	-	-	3,960,702	3,960,702
Changes on other contributions to the capital	-	-	(7,881)	-	(7,881)
AS AT June 30, 2021 (Unaudited)	<u>25,000,000</u>	<u>906,962</u>	<u>-</u>	<u>10,773,361</u>	<u>36,680,323</u>
Balance as at January 01, 2022: (Audited)	25,000,000	1,628,973	-	13,310,761	39,939,734
Net Comprehensive income for the year (Unaudited)	-	-	-	1,712,521	1,712,521
AS AT June 30, 2022 (Unaudited)	<u>25,000,000</u>	<u>1,628,973</u>	<u>-</u>	<u>15,023,282</u>	<u>41,652,255</u>

Chief financial officer

Chief Executive officer

Chairman

The accompanying notes form an integral part of these financial statements.

AQASEEM FACTORY FOR CHEMICALS AND PLASTICS CO.

(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS**FOR THE PERIOD ENDED AT JUNE 30, 2022**

(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	June 30, 2022	June 30, 2021
CASH FLOWS FOR OPERATING ACTIVITIES			
Net profit for year before zakat		2,084,992	3,960,702
Adjustments			
Depreciation		946,035	923,940
Depreciation of right of use assets		482,156	473,809
Financing charges		71,726	111,155
Employees benefits		(68,035)	169,118
Inventory		(1,562,486)	(3,871,149)
Trade receivables and Other receivables		(5,607,744)	(11,908,91)
Trade payables and other liabilities		6,976,971	6,389,477
Checks under collection		-	3,000,000
Zakat paid		(691,626)	(420,915)
Net cash generated from / (used in) operating activities		2,631,989	(1,172,779)
CASH FLOWS FOR INVESTING ACTIVITIES			
Additions of property, plant and equipment		(484,671)	(764,727)
Change of work in progress		(142,286)	(2,606,738)
Net cash used in investing activities		(626,957)	(3,371,465)
CASH FLOWS FOR FINANCING ACTIVITIES			
Changes in Other contributions to the capital		-	(7,881)
Proceeds from loans		-	10,000,000
Payements of loans		(2,744,522)	(465,828)
Payements of lease liabilities		(646,551)	(297,027)
Net cash generated from / (used in) financing activities		(3,391,073)	9,229,264
Net change in cash and cash equivalents		(1,386,041)	4,685,020
Cash and cash equivalents at the beginning of the year		3,241,315	4,235,110
Cash and cash equivalents at the end of the year		1,855,274	8,920,130

Chief financial officer

Chief Executive officer

Chairman

AQASEEM FACTORY FOR CHEMICALS AND PLASTICS CO.

(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED AT JUNE 30, 2022

(All amounts expressed in Saudi Riyals unless otherwise stated)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Aqaseem Factory for Chemicals and Plastics Co, (. Joint Stock Company) (the "Company") was established in the city of Riyadh under Commercial Registration No. 1010264660 on Rabi Al-Awwal 24,1430H (corresponding to March 31,2009) As a limited liability company.

According to the decision of His Excellency the Minister of Commerce and Investment No. (119) dated 04/28/1442H (12/13/2021), the company was converted into a . Saudi joint stock company with a capital of SR 25,000,000 divided by two million five hundred thousand (2,500,000) Ordinary share, the value of each share being (SR10). On 2/5/1442H (12/17/2020), the company was registered in the Joint Stock Companies Register, and was registered under Commercial Registration Certificate No. 1010264660, dated 3/24/1430 (3/21/2009).

The company, main activity is the production of lubricants for equipment's and engines, which is represented in the production of automobile engine oils, hydraulic oils, liquid asphalt insulators, solvents, plastic caps for packages, palmic esters, brake oils, industrial greases, automobiles, acid for batteries, citric acids, plastic packages, base oils, lubricants for gasoline and diesel engines, transmission oils and cleaning oils. and breakers Oils under Industrial License No. 3325 dated 17/4/1433 corresponding to 10/3/2012.

The financial statements include the accounts of the head office and the accounts of the following branch:

Company name	CR	Issue date	Issued in
Aqaseem trading company	1010439473	1437/2/18	Riyadh

2. BASICS OF PREPARATION

Statement of compliance

These Financial Statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Financial Year

The financial year of the company is twelve months from the beginning of January until the end of December of each Gregorian year.

Functional and presentation currency

The Saudi Riyal is the presentation currency for the financial statements which is the functional currency of the Company.

Basis of measurement

The financial statements have been prepared under the historical cost convention, using the accrual basis and the going concern basis, unless IFRS permit their measurement by another valuation method as explained in the note on significant accounting policies. The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts included in the financial statements. Significant estimates for the financial statements are dis. in note 4.

Comparative Figures

Some comparative figures have been rerecorded and reclassified where necessary, for better comparison and presentation purposes

AQASEEM FACTORY FOR CHEMICALS AND PLASTICS CO.

(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS**FOR THE PERIOD ENDED AT JUNE 30, 2022**

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. CAPITAL

The company's capital amounting 300,000 Saudi riyals is distributed into equal cash shares divided by 300 shares, the value of each share being 1000 riyals.

In accordance with the shareholders' decision in Contract No. (96041) documented by the Ministry of Commerce and Investment on 2/4/1442 (11/18/2020), the company's capital was increased and the number of shares was modified so that the company's capital amounting (25,000,000) Saudi riyals. Divided by (2,500,000) shares, the value of each share is (10) Saudi riyals, and the increase of (24,700,000) Saudi riyals has been covered from the retained earnings account and other capital contributions account.

And pursuant to the decision of His highness the Minister of Commerce and Investment No. (119) dated 04/28/1442 (12/13/2020), the company was converted into a . Saudi joint stock company with a capital of (25,000,000) Saudi riyals divided by (2,500,000) Ordinary share, the value of each share being (10) Saudi riyals. On 2/5/1442 (12/17/2021), the company was registered in the Joint Stock Companies Register, and was registered under Commercial Registration Certificate No. 1010264660, dated 3/24/1430 (3/21/2009).

5. STATUTORY RESERVE

In accordance with regulations for companies in Saudi Arabia and the by-laws of the Company, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 30% of the share capital. This reserve is not available for dividend distribution.

6. LOANS

	June, 30	December, 31
	2022	2021
"Ma'alem Financing" Company	708,157	1,496,788
"Agl" Financing Services Company	7,405,897	9,361,788
Total	<u>8,114,054</u>	<u>10,858,576</u>
Current	<u>4,683,386</u>	<u>5,472,017</u>
Non-Current	<u>3,430,668</u>	<u>5,386,559</u>

"Ma'alem Financing" Company

Under a Murabaha contract agreement, the company obtained financing from "Maalem Finance Company" for the amount of 3,000,000 Saudi riyals, and this loan will be repaid in 24 monthly installments. The company also obtained another Murabaha loan from "Maalem Finance Company" for the amount of 500,000 Saudi riyals, which is to be repaid in 12 installments in monthly payments as well. The company provided a notes paper for the amount of the loan. Due to the Corona pandemic, loan repayments have been extended for an additional 9 months.

ANB

Under an agreement to purchase and sell goods for the purpose of securitization, the company obtained credit facilities from the Arab National Bank for the amount of 2,000,000 Saudi riyals to be used by the company in purchasing goods. The term of this agreement is one year starting from August 31, 2019 and ending on August 31, 2020. Due to the Corona pandemic, loan repayment has been extended for an additional 9 months, the loan has been repaid during the year.

"Agl" Financing Services Company

Under an agreement to sell and purchase goods for the purpose of securitization, the company obtained credit facilities from Ajil Finance Services Company for the amount of 10,000,000 Saudi riyals to be used by the company in purchasing goods. The term of this agreement is 36 months, starting from May 19, 2021 and ending on April 19, 2024.

AQASEEM FACTORY FOR CHEMICALS AND PLASTICS CO.
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED AT JUNE 30, 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

7. PROVISION FOR ZAKAT

	June 30	December, 31
	2022	2021
Balance at the beginning of the year	714,382	443,671
Zakat for the year	372,471	691,626
Zakat paid during the year	(691,626)	(420,915)
Closing balance	<u>395,227</u>	<u>714,382</u>

The company submitted its zakat declaration to "ZATCA" until the fiscal year 2020, and obtained a certificate from "ZATCA". The final examination and assessment was conducted by "ZATCA" until 2018.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's activities expose the following financial risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (including interest rate risk and foreign exchange rate risk)
- Capital management risk

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential negative effects on the Company's financial performance.

Financial instruments by category

The Company has no financial assets at fair value through profit or loss.

Credit risk

Credit risk is the accounting loss that is recognized at the reporting date in the event that other parties are unable to meet their obligations as contracted. The Company has policies in place to limit its exposure to credit risk. The maximum credit risk at the financial reporting date is as follows:

The Company seeks to manage its credit risk with respect to banks by only dealing with reputable banks with sound credit rating. With respect to credit risk arising from the financial assets of the Company, including receivables from employees and bank balances, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets in the statement of financial position. The Company manages credit risk with respect to its receivables from customers by monitoring it in accordance with the established policies and procedures which includes establishment of credit limits and regular monitoring of the ageing of trade receivables.

The Company's management determines the credit risk by regularly monitoring the creditworthiness rating of its existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers that are classified as "high risk" are placed on a separate list, and future credit sales are made only with approval of key directors, otherwise payment in advance is required. The group assesses the recoverable amount of its receivables to ensure adequate allowance for impairment is made. The receivables are classified as past due if they are outstanding for more than 60-180 days based on respective customer credit period. For ageing of receivables refer note 8. breakdown of trade receivables is as follows:

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. The calculation of net debt was as follows:

Liquidity risk is managed through periodic monitoring of the availability of sufficient funds and credit facilities to meet the company's future obligations. The company's terms of sale require payment in cash or as per credit clause.

AQASEEM FACTORY FOR CHEMICALS AND PLASTICS CO.

(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED AT JUNE 30, 2022

(All amounts expressed in Saudi Riyals unless otherwise stated)

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continue)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments due to fluctuation in the related financial instruments value. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

Interest rate risk

Interest rate risk is the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial positions and cash flows. The Company is exposed to interest rate risk on its interest bearing assets and liabilities mainly bank overdraft, bank facilities and other borrowings. Management limits the Company's interest rate risk by monitoring changes in interest rates. Management monitors the changes in commission rates and believes that the cash flow and fair value commission rate risk to the Company is not significant.

The Company's receivables and payables carried at amortized cost are not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Hence, the Company is not exposed to fair value interest rate risk.

Currency risk

Foreign currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates. The Company's major financial assets and financial liabilities are denominated in Saudi Riyal, US Dollars (USD), Euro (EUR), Emirates Dirham (AED),. Saudi riyals are pegged to the US Dollar, consequently balances in those currencies are not considered to represent a currency risk. Management monitors the fluctuations in Euro, currency exchange rates with Saudi Riyals and manages its effect on the financial statements accordingly. The Company did not have any significant foreign currency denominated monetary assets or liabilities at the reporting date except for assets and liabilities in Egyptian Pound, for which it was exposed to foreign currency fluctuations. Consequently, no foreign currency sensitivity analysis has been presented.

Fair values of financial instruments

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial assets consist of cash and cash equivalents, accounts receivables and some other assets, while its financial liabilities consist of the accounts payables, some accrued expenses and other liabilities. The fair values of financial instruments are not materially different from their carrying values.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or just the capital structure, the Company may just the amount of dividends paid to shareholders, issue new shares or obtain / repay financing from / to financial institutions.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total of long term finance and short term borrowings. Total capital comprises shareholders' equity as shown in the statement of financial position under 'share capital and reserves' and net debt (net of cash and cash equivalent).

AQASEEM FACTORY FOR CHEMICALS AND PLASTICS CO.

(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED AT JUNE 30, 2022

(All amounts expressed in Saudi Riyals unless otherwise stated)

9. IMPACT (COVID-19)

In response to the spread of COVID-19 in the GCC and other territories in which the Company operates and the disruptions resulting from social and economic activities in those markets over the past two years, management continues to proactively assess its effects on its operations. In particular, the company is closely monitoring the current increase in cases due to the outbreak of a new variant - omicron. The preventive measures taken by the company in 2020 remain in place, including the establishment of ongoing crisis management teams and operations, to ensure the health and safety of its employees, customers, consumers and the wider community as well as to ensure continuity of supply. for its products in all its markets. Fully restored access to vaccinated individuals to farming and manufacturing facilities. Employee health continues to be a major area of focus with programs being implemented to help raise awareness, identify, support, and monitor employee health. More than 99% of the company's employees have been fully vaccinated with at least two doses of vaccines and management is working on a plan to encourage booster injections.

The company's management believes that any closing procedures that are reintroduced will not materially affect the basic demand from customers for the company's products. Based on these factors, management confirms that the COVID-19 pandemic did not have any material impact on the Company's financial results for the year ended December 31, 2021, including significant accounting judgments and estimates. The company continues to closely monitor the surge in the new variant although management at this time is not aware of any factors expected to alter the impact of the pandemic on the company's operations during or beyond 2022.

10. Comparative figures

Some comparative figures have been rearranged and classified where necessary, for better comparison and presentation purposes.

11. APPROVAL OF THE FINANCIAL STATEMENTS

The attached financial statements were approved by the Board of Directors on August 22 , 2022. (Corresponding to 24 Muharram 1444h)