

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

SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

Consolidated interim condensed financial statements (unaudited) for the three and six months periods ended June 30, 2022

<u>CONTENTS</u>	<u>PAGE</u>
INDEPENDENT AUDITOR'S REVIEW REPORT	
CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)	1
CONSOLIDATED INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)	2
CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)	3
CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)	4
NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS	5- 15

Professional LLC
Paid Capital One Million Saudi Riyals
C. R. No. 4030291245
58 Al Watan Al Arabi St. Al Hamra'a Dist.
P.O.Box 780, Jeddah 21421
Kingdom of Saudi Arabia
T: 012 669 3478 / 665 8711
F: 012 660 2432
Head Office
www.elayouty.com

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 June 30, 2022, the consolidated interim condensed statements of profit or loss and other comprehensive income for the three and six months period ended on June 30, 2022, the consolidated interim condensed changes in shareholders' equity and the consolidated interim condensed cash flows for the six 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.

JEDDAH: August 21, 2022
Muharram 23, 1444 H



FOR EL SAYED EL AYOUTY & CO,


Abdullah A. Balamesh
Certified Public Accountant
License No. (345)

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>June 30,</u> <u>2022</u>	<u>December</u> <u>31, 2021</u>
	Notes	<u>Unaudited</u>	<u>Audited</u>
Assets			
Non-current assets			
Property and equipment- net		56,338	56,330
Intangible assets – net		64,311	71,592
Investments in equity instruments at fair value through other comprehensive income	5.A	441,506,390	483,049,979
Investments in associates	6	48,928,712	49,378,292
Total non-current assets		490,555,751	532,556,193
Current assets			
Prepaid expenses and other receivables	8	11,719,644	495,685
Cash and cash equivalents	10	39,850,474	30,425,868
Total current assets		51,570,118	30,921,553
Total assets		542,125,869	563,477,746
Equity and liabilities			
Equity			
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	314,760,369	356,303,957
Retained earnings		45,479,750	25,130,877
Total equity		538,340,103	559,534,818
Non-current liabilities			
Employees' defined benefits obligations		210,546	680,764
Total non-Current liabilities		210,546	680,764
Current liabilities			
Due to shareholders		2,412,754	2,415,472
Accrued expenses	11	110,716	396,192
Provision for zakat	12.B	1,051,750	450,500
Total current liabilities		3,575,220	3,262,164
Total liabilities		3,785,766	3,942,928
Total equity and liabilities		542,125,869	563,477,746



Accounts Officer



Chairman of the Board of Directors

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 six months periods ended June 30, 2022

(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the period of three months ended in June 30,		For the period of six months ended in June 30,	
		2022	2021	2022	2021
		Unaudited	Unaudited	Unaudited	Unaudited
Investment income	13	22,804,321	7,609,722	22,967,636	7,923,869
Company's share from results of investment in associates	14	(314,763)	120,472	(449,580)	996,752
Gross profit		22,489,558	7,730,194	22,518,056	8,920,621
General and administrative expenses		(1,057,364)	(558,724)	(1,769,949)	(1,431,352)
Profit of the activity		21,432,194	7,171,470	20,748,107	7,489,269
Other income		75,375	86,717	202,016	173,398
Net profit for the period before zakat		21,507,569	7,258,187	20,950,123	7,662,667
Zakat for the period	12.B	(500,250)	(120,000)	(601,250)	(300,250)
Zakat for prior years	12.B	-	-	-	(3,159)
Net profit for the period after Zakat		21,007,319	7,138,187	20,348,873	7,359,258
<u>Items of other comprehensive income</u>					
Items that will not be re-classified subsequently within profits or losses:					
Net changes in the fair value of investments in equity instruments at fair value through other comprehensive income	5.B	(100,357,333)	38,447,580	(41,543,588)	116,781,372
Total comprehensive (loss) / income for the period		(79,350,014)	45,585,767	(21,194,715)	124,140,630
Basic and diluted earnings per share of net profit for the period	15	1,40	0,48	1,36	0,49



Accounts Officer



Chairman of the Board of Directors

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 six months period ended June 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	-	-	-	7,359,258	7,359,258
Other comprehensive income for the period	-	-	116,781,372	-	116,781,372
Total comprehensive income for the period	-	-	116,781,372	7,359,258	124,140,630
Dividends (note 16)	-	-	-	(11,250,000)	(11,250,000)
Balance as at June 30, 2021 (unaudited)	150,000,000	27,440,761	418,687,720	25,086,426	621,214,907
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	-	-	-	20,348,873	20,348,873
Other comprehensive (loss) for the period	-	-	(41,543,588)	-	(41,543,588)
Total comprehensive (loss) for the period	-	-	(41,543,588)	20,348,873	(21,194,715)
Balance as at June 30, 2022 (unaudited)	150,000,000	28,099,984	314,760,369	45,479,750	538,340,103



Accounts Officer



Chairman of the Board of Directors

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 six months period ended June 30, 2022

Consolidated interim condensed statement of cash flows (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

	For the period ended June 30,	
	2022 (unaudited)	2021 (unaudited)
Cash flows from operating activities:		
Net profit for the period before zakat	20,950,123	7,662,667
Adjustments for Net profit for the period before zakat to net cash flows from operating activities:		
Depreciation of property and equipment	9,556	7,682
Amortization of intangible assets	7,281	-
Provided from employees' defined benefits obligations	66,212	33,998
Company's share from results of investment in associates	449,580	(996,752)
Changes in items of operating assets and liabilities:		
Prepaid expenses and other receivables	(11,223,958)	646,668
Due to shareholders	(2,718)	(1,261,819)
Accrued expenses	(285,476)	(16,115)
Cash generated by operating activities	9,970,600	6,076,329
Employees benefits - paid	(536,430)	-
Zakat - paid	-	(337,357)
Net Cash flows generated by operating activities	9,434,170	5,738,972
Cash flows from investing activities:		
Additions of properties and equipment	(9,564)	(4,043)
Net cash flows (used in) investing activities	(9,564)	(4,043)
Cash flows from financing activities:		
Dividends paid	-	(11,250,000)
Cash flows (used in) financing activities	-	(11,250,000)
Increase / (Decrease) in cash and cash equivalents	9,424,606	(5,515,071)
Cash and cash equivalents at the beginning of the period	30,425,868	30,657,331
Cash and cash equivalents at the end of the period	39,850,474	25,142,260
Non-cash transactions		
Unrealized (losses) / profits from investments in equity instruments at fair value through other comprehensive income	(41,543,588)	116,781,372



Accounts Officer



Chairman of the Board of Directors

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 six months periods ended June 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 June 30, 2022, the company's share capital amounted to SR 150 million (June 30, 2021: SR 150 million) divided into 15 million shares (June 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 June 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 June 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 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)

Notes to consolidated interim condensed financial statements for the three and six months periods ended June 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:

- 1) Control over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- 2) Exposure to rights in variable returns from its involvement with the investee.
- 3) 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. All intra-group balances and financial transactions resulting from transactions between the Group and its subsidiaries and those arising between the subsidiaries are eliminated in preparing these consolidated financial statements. Also, any unrealized gains or losses resulting from internal transactions in the Group are eliminated upon consolidation of the financial statements.

SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

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

(All amounts in Saudi Riyals unless otherwise stated)

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

Basis of consolidation (Continued)

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. Unrealized losses are eliminated in the same way as unrealized gains, but to the extent that there is no evidence of impairment.

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 six months periods ended June 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:

<u>Company name</u>	<u>No. of shares as of 31</u>		<u>share market value</u>		<u>Balance as at</u>	
	<u>June</u>	<u>December</u>	<u>June</u>	<u>December</u>	<u>June</u>	<u>December</u>
	<u>30, 2022</u>	<u>31, 2021</u>	<u>30, 2022</u>	<u>31, 2021</u>	<u>30, 2022</u>	<u>31, 2021</u>
Saudi Industrial Investment Group	28,50	31,15	15,194,480	15,194,480	433,042,680	473,308,052
Saudi Arabian Oil Company (Saudi Aramco)	38,80	35,80	39,029	35,481	1,514,325	1,270,220
Southern region cement company	57,40	70,10	120,666	120,666	6,926,228	8,458,687
Aqua Power Co.	149,40	84,00	155	155	23,157	13,020
					<u>441,506,390</u>	<u>483,049,979</u>

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

	<u>As at June 30,</u>	<u>As at December</u>
	<u>2022</u>	<u>31, 2021</u>
Balance at beginning of the period / year	356,303,957	301,906,348
Unrealized (losses) / profits during the period / year	(41,543,588)	55,922,461
Realized gains during the year from the sale of Tabuk Cement Company shares	-	(1,524,852)
	<u>314,760,369</u>	<u>356,303,957</u>

6. Investments in associates

Investments in associates represent the followings:

<u>Name of the company</u>	<u>Main business sector</u>	<u>Country of incorporation</u>	<u>Ownership percentage</u>	<u>As at June 30, 2022</u>	<u>As at December 31, 2021</u>
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				(449,580)	78,784
Company's share of the other comprehensive income of the associate				-	(59,597)
Balance at end of the period / year				<u>48,928,712</u>	<u>49,378,292</u>

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

SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

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

(All amounts in Saudi Riyals unless otherwise stated)

6. Investments in associates (Continued)

<u>Name of the company</u>	<u>Main business sector</u>	<u>Country of incorporation</u>	<u>Ownership percentage</u>	<u>As at June 30, 2021</u>	<u>As at December 31, 2020</u>
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>48,928,712</u>	<u>49,378,292</u>

- 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 yet been met.

SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

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

(All amounts in Saudi Riyals unless otherwise stated)

8. Prepaid expenses and other receivable balances

The prepaid expenses and other receivable balances are as follows:

	<u>As at June 30,</u> <u>2022</u>	<u>As at December</u> <u>31, 2021</u>
Dividends payable*	11,395,979	-
Prepaid expenses**	73,799	231,019
Other receivable balances	249,866	264,666
	<u>11,719,644</u>	<u>495,685</u>

* The dividends payable from the investment in the Saudi Industrial Investment Group Company.

** Expenses paid in advance on December 31, 2021 include remuneration for the Board of Directors amounting to SR. 188,334.

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>Size of transaction during</u> <u>As at June 30,</u> <u>2022</u>	<u>As at June 30,</u> <u>2021</u>
	<u>Relationship</u>	<u>Nature of transaction</u>		
Arab Company for Tanks Ltd.	Associate	Administrative services fees	150,750	173,363

9.B. Due from associates:

	<u>As at June</u> <u>30, 2022</u>	<u>As at December</u> <u>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)
	<u>-</u>	<u>-</u>

10. Cash and cash equivalents

	<u>As at June</u> <u>30, 2022</u>	<u>As at December</u> <u>31, 2021</u>
Cash on hand	7	3,853
Cash at banks	39,850,467	30,422,015
	<u>39,850,474</u>	<u>30,425,868</u>

11. Accrued expenses

Accrued expenses represent the followings:

	<u>As at June</u> <u>30, 2022</u>	<u>As at December</u> <u>31, 2021</u>
Accrued expenses	110,716	396,192
	<u>110,716</u>	<u>396,192</u>

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

SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

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

(All amounts in Saudi Riyals unless otherwise stated)

12. Zakat

12. A. Zakat calculation

	<u>As at June</u> <u>30, 2022</u>	<u>As at December</u> <u>31, 2021</u>
Net amended loss	(1,501,721)	(2,474,465)
Total added items	287,660,824	515,888,453
Total deducted items	(239,307,409)	(540,671,966)
Zakat base	<u>48,353,415</u>	<u>(24,783,513)</u>
Zakat payable at 2,5% of net amended profit /Zakat base	<u>1,208,835</u>	-

12. B. Movement of zakat provision

	<u>As at June</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	601,250	450,500
	<u>1,051,750</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.

13. Investment income

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

	<u>For the three month period</u> <u>ending June, 30</u>		<u>For the six month period ending</u> <u>June, 30</u>	
	<u>2022</u> <u>Unaudited</u>	<u>2021</u> <u>Unaudited</u>	<u>2022</u> <u>Unaudited</u>	<u>2021</u> <u>Unaudited</u>
Saudi Industrial Investment Group	22,791,720	7,597,240	22,791,720	7,597,240
Saudi Arabian Oil Company (Aramco Saudi Arabia)	12,482	12,482	24,964	24,964
Southern Region Cement Company	-	-	150,833	301,665
Aqua Power Co.	119	-	119	-
	<u>22,804,321</u>	<u>7,609,722</u>	<u>22,967,636</u>	<u>7,923,869</u>

SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

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

(All amounts in Saudi Riyals unless otherwise stated)

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 30 June is represented by the following:

	<u>For the three month period</u>		<u>For the six month period ending</u>	
	<u>ending June, 30</u>		<u>June, 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	<u>(314,763)</u>	<u>120,472</u>	<u>(449,580)</u>	<u>996,752</u>

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

	<u>For the three month period</u>		<u>For the six month period ending</u>	
	<u>ending June, 30</u>		<u>June, 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 profit for the period	<u>21,007,319</u>	<u>7,138,187</u>	<u>20,348,873</u>	<u>7,359,258</u>
Weighted average number of shares	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>
Basic and diluted earnings per share	<u>1,40</u>	<u>0,48</u>	<u>1,36</u>	<u>0,49</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.

SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

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

(All amounts in Saudi Riyals unless otherwise stated)

19. Financial risk management...(Continued)

Financial risk management framework...(Continued)

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.

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.

SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

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

(All amounts in Saudi Riyals unless otherwise stated)

19. Financial risk management...(Continued)

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.

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, 1436H, 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 six-month period ending on June 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.

SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

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

(All amounts in Saudi Riyals unless otherwise stated)

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, 1443 H) and it has not started its activities yet.

23. Subsequent events

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

24. Approval of the Consolidated interim condensed financial statements

These Consolidated interim condensed financial statements, were approved by the Board of Directors on August 19, 2022 (corresponding to Muharram 21, 1444 H).