

Saudi Chemical Holding Company
(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Financial Statements (Unaudited)
and Independent Auditor's Review Report
For the Three and Six-Month Periods Ended June 30, 2021**



Sameh Hassan
Group CFO

Thamer Al-Muhaid
Group CEO

Eng. Fahad S. Al-Jarbou
Chairman Of BOD

Saudi Chemical Holding Company
(A Saudi Joint Stock Company)

Interim Condensed Consolidated Financial Statements
For the Three and Six-Month Periods Ended June 30, 2021

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**Independent Auditor's Review Report on
Interim Condensed Consolidated Financial Statements**

To the Shareholders

Saudi Chemical Holding Company

(A Saudi Joint Stock Company)

Riyadh – Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Chemical Holding Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at June 30, 2021, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three and Six-month periods ended on June 30, 2020, and the interim consolidated statements of changes in equity and cash flows for the Six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management 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.

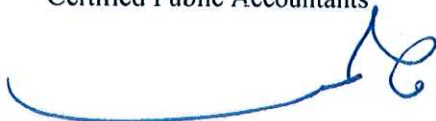
Scope of Review

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 condensed consolidated financial statements 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Baker Tilly MKM & Co.
Certified Public Accountants



Majed Moneer Alnemer
(Certified Public Accountant – License No. 381)
Riyadh on Muharram 4, 1443H
Corresponding to August 12, 2021G



Saudi Chemical Holding Company
(A Saudi Joint Stock Company)

Interim Condensed Consolidated Statement of Financial Position
As at June 30, 2021

	<u>Notes</u>	June 30, 2021 Unaudited SR '000	December 31, 2020 Audited SR '000
ASSETS			
Non-current assets			
Goodwill		469,807	469,807
Intangible assets		6,010	7,052
Property, plant and equipment	3	459,417	478,783
Capital work in progress	3	509,561	423,884
Right-of-use assets		10,365	11,501
		<u>1,455,160</u>	<u>1,391,027</u>
Current assets			
Inventories		1,245,173	1,592,487
Trade receivables	4	2,215,044	1,687,627
Prepayments and other assets		91,546	61,352
Cash and cash equivalents		86,979	150,326
		<u>3,638,742</u>	<u>3,491,792</u>
TOTAL ASSETS		<u>5,093,902</u>	<u>4,882,819</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	5	843,200	843,200
Statutory reserve		326,890	326,890
General reserve		340,000	340,000
Retained earnings		146,202	120,267
Equity attributable to the Shareholders of the Company		<u>1,656,292</u>	<u>1,630,357</u>
Non-controlling interests		7,469	7,138
Total equity		<u>1,663,761</u>	<u>1,637,495</u>
Non-current liabilities			
Saudi Industrial Development Fund's financing	6.1	290,955	298,899
Lease liabilities		6,729	8,316
Employees' defined benefit obligation		60,102	63,769
		<u>357,786</u>	<u>370,984</u>
Current liabilities			
Current portion of Saudi Industrial Development Fund's financing	6.1	29,400	20,600
Current portion of lease liabilities		1,587	2,019
Short-term Islamic financing	6.2	1,677,709	1,399,658
Trade payables		1,162,679	1,236,123
Unpaid dividends		13,308	13,308
Accrued expenses and other liabilities		160,397	168,425
Zakat and income tax payable		27,275	34,207
		<u>3,072,355</u>	<u>2,874,340</u>
Total liabilities		<u>3,430,141</u>	<u>3,245,324</u>
TOTAL EQUITY AND LIABILITIES		<u>5,093,902</u>	<u>4,882,819</u>



The accompanying notes form an integral part of these interim condensed consolidated financial statements

Sameh Hassan
Group CFO

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Thamer Al-Muhaid
Group CEO

Eng. Fahad S. Al-Jarbou
Chairman Of BOD

Saudi Chemical Holding Company
(A Saudi Joint Stock Company)

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Three and Six-Month Periods Ended June 30, 2021

	Notes	Three months ended June 30		Six Months ended June 30	
		2021 Unaudited SR '000	2020 Unaudited SR '000	2021 Unaudited SR '000	2020 Unaudited SR '000
Revenues	8	899,906	858,721	1,869,367	1,658,302
Cost of revenues		<u>(767,566)</u>	<u>(731,165)</u>	<u>(1,599,979)</u>	<u>(1,400,607)</u>
Gross profit		132,340	127,556	269,388	257,695
Selling and marketing expenses		(42,333)	(40,230)	(82,713)	(76,978)
General and administrative expenses		(30,829)	(28,110)	(58,813)	(58,370)
Impairment of trade receivables	4	<u>(11,900)</u>	<u>(1,043)</u>	<u>(19,900)</u>	<u>(9,874)</u>
Operating profit		47,278	58,173	107,962	112,473
Finance costs		(11,973)	(11,563)	(22,113)	(22,588)
Other (expenses) income, net		<u>(80)</u>	<u>(773)</u>	<u>198</u>	<u>(622)</u>
Profit before zakat and income tax		35,225	45,837	86,047	89,263
Zakat and income tax expense	7	<u>(7,567)</u>	<u>(5,184)</u>	<u>(17,197)</u>	<u>(10,379)</u>
Net profit for the period		27,658	40,653	68,850	78,884
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		<u>27,658</u>	<u>40,653</u>	<u>68,850</u>	<u>78,884</u>
Net profit for the period attributable to:					
Shareholders of the Company		<u>27,264</u>	<u>40,169</u>	<u>68,095</u>	<u>78,137</u>
Non-controlling interests		<u>394</u>	<u>484</u>	<u>755</u>	<u>747</u>
		<u>27,658</u>	<u>40,653</u>	<u>68,850</u>	<u>78,884</u>
Total comprehensive income for the period attributable to:					
Shareholders of the Company		<u>27,264</u>	<u>40,169</u>	<u>68,095</u>	<u>78,137</u>
Non-controlling interests		<u>394</u>	<u>484</u>	<u>755</u>	<u>747</u>
		<u>27,658</u>	<u>40,653</u>	<u>68,850</u>	<u>78,884</u>
Basic and diluted earnings per share (SR)	9	<u>0.32</u>	<u>0.48</u>	<u>0.81</u>	<u>0.93</u>



The accompanying notes form an integral part of these interim condensed consolidated financial statements

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Sameh Hassan
Group CFO

Thamer Al-Muhaid
Group CEO

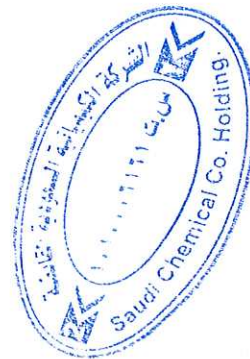
Eng. Fahad S. Al-Jarbou
Chairman Of BOD

Saudi Chemical Holding Company
(A Saudi Joint Stock Company)

Interim Condensed Consolidated Statement of Changes in Equity
For the Six-Month Period Ended June 30, 2021

	Attributable to the Shareholders of the Company						
	Share capital SR '000	Statutory reserve SR '000	General reserve SR '000	Retained earnings SR '000	Total SR '000	Non- controlling interests SR '000	Total equity SR '000
As at January 1, 2020 (Audited)	843,200	319,488	340,000	51,278	1,553,966	6,095	1,560,061
Net profit for the period	-	-	-	78,137	78,137	747	78,884
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	78,137	78,137	747	78,884
As at June 30, 2020 (Unaudited)	843,200	319,488	340,000	129,415	1,632,103	6,842	1,638,945
As at January 1, 2021 (Audited)	843,200	326,890	340,000	120,267	1,630,357	7,138	1,637,495
Net profit for the period	-	-	-	68,095	68,095	755	68,850
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	68,095	68,095	755	68,850
Dividends	-	-	-	(42,160)	(42,160)	(424)	(42,584)
As at June 30, 2021 (Unaudited)	843,200	326,890	340,000	146,202	1,656,292	7,469	1,663,761

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The accompanying notes form an integral part of these interim condensed consolidated financial statements


Thamer Al-Muhaideb
Group CEO


Eng. Fahad S. Al-Jarbou
Chairman Of BOD

Sameh Hassan
Group CFO

Saudi Chemical Holding Company
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Interim Condensed Consolidated Statement of Cash Flows
For the Six -Month Period Ended June 30, 2021

	Six-month period ended June 30	
	2021 Unaudited SR '000	2020 Unaudited SR '000
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Profit before zakat and income tax and non-controlling interests	86,047	89,263
<i>Adjustments for</i>		
Amortization	1,042	2,073
Depreciation	20,556	19,164
Depreciation of right-of-use assets	1,136	1,017
(Gain) loss on disposal of property, plant and equipment	(1)	33
Write-off of intangible assets	-	35
Provision for slow-moving inventories	7,489	909
Impairment of trade receivables	19,900	9,700
Provision for employees' defined benefit obligation	3,769	3,959
Finance costs	22,113	22,588
(Increase) decrease in operating assets:		
Inventories	339,825	48,791
Trade receivables	(547,317)	189,366
Prepayments and other assets	(30,194)	(23,562)
Increase (decrease) in operating liabilities:		
Trade payables	(73,444)	(337,439)
Accrued expenses and other liabilities	(8,028)	22,042
Cash (used in) generated from operations	(157,107)	47,939
Employees' defined benefit obligation paid	(7,436)	(4,335)
Zakat and income tax paid	(24,129)	-
Finance costs paid	(22,113)	(21,775)
Net cash (used in) generated from operating activities	(210,785)	21,829
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Additions to intangible assets	-	(7,500)
Additions to property, plant and equipment and capital work in progress	(86,012)	(119,796)
Proceeds from disposal of property, plant and equipment	2	80
Net cash used in investing activities	(86,010)	(127,216)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Net change in Saudi Industrial Development Fund's financing	-	77,801
Payments of lease liabilities	(2,019)	(1,111)
Change in short-term Islamic financing	278,051	103,069
Dividends paid (including to non-controlling interests)	(42,584)	-
Net cash generated from financing activities	233,448	179,759
Net movement in cash and cash equivalents	(63,347)	74,372
Cash and cash equivalents at the beginning of the period	150,326	91,830
Cash and cash equivalents at the end of the period	86,979	166,202
Non-cash transactions:		
Lease liabilities and finance cost transferred to other liabilities	445	1,221

The accompanying notes form an integral part of these interim condensed consolidated financial statements

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Sameh Hassan
Group CFO



Thamer Al-Muhaid
Group CEO



Eng. Fahad S. Al-Jarbou
Chairman Of BOD



Saudi Chemical Holding Company
(A Saudi Joint Stock Company)

Notes to the Interim Condensed Consolidated Financial Statements (Continued)
For the Six-Month Period Ended June 30, 2021

1. Legal Status and Nature of Operations

Saudi Chemical Holding Company (the “Company”) is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia, under Commercial Registration No. 1010006161 issued in Riyadh on Safar 12, 1392H corresponding to March 28, 1972G. The Company is listed on Tadawul stock exchange.

The share capital of the Company comprises 84,320,000 shares of SR 10 each (see note 5 for more information).

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 centres and its related spare parts and food items; and
- Manufacture of ammonium nitrate.

The registered office of the Company is: P.O. Box 2665 Riyadh 11461, Kingdom of Saudi Arabia.

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

Subsidiary	Country of incorporation	Effective ownership as at	
		June 30, 2021	December 31, 2020
Saudi International Trading Company (“SITCO Pharma”)	Kingdom of Saudi Arabia	99%	99%
Suez International Nitrate Company (“SINCO”)	Arab Republic of Egypt	100%	100%
Chemical Company for Commercial Investment Limited (“CCCIL”)	Kingdom of Saudi Arabia	100%	100%
AJA Pharmaceuticals Industries Company Limited (“AJA Pharma Company”)	Kingdom of Saudi Arabia	100%	100%
Saudi Chemical Company Limited (“SCCL”)	Kingdom of Saudi Arabia	100%	100%

2. Basis of Preparation

2.1 Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with the requirements of International Accounting Standard (34) “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants.

These interim condensed consolidated financial statements do not include all the information and disclosures required in a full set of consolidated financial statements prepared in accordance with International Financial Reporting Standards, and therefore should be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2020.



Saudi Chemical Holding Company
(A Saudi Joint Stock Company)

Notes to the Interim Condensed Consolidated Financial Statements (Continued)
For the Six-Month Period Ended June 30, 2021

2. Basis of Preparation (Continued)

2.2 Presentation 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.

2.3 Consistency of accounting policies

The accounting policies adopted and the methods of computation followed in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2020.

2.4 Accounting judgement, estimates and assumptions:

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that were applied to the annual financial statements as of and for the year ended December 31, 2020.

2.5 Significant matters during the period

During March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including KSA. Governments all over the world took steps to contain the spread of virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdown and curfews.

In response to the rapid spread of the virus and the resulting disruption of some social and economic activities, the management is assessing the impact on its current and future operational activities and has taken a series of preventive and precautionary measures, including activating of remote work to ensure the safety of its employees and their families.

As of the date of preparation of the financial statements for the six-month period ended June 30, 2021, the management has not identified any significant impact on Group's operations and financial results from the COVID-19 outbreak. These developments could impact future financial results, cashflows and financial condition and the management will continue to assess the nature and extent of the impact on its business and financial results

2.6 Significant Accounting Policies

New Standards, Amendment to Standards and Interpretations:

There are no new standards issued, however, there are number of amendments to standards which are effective from January 1, 2021, and have been explained in Group's annual consolidated financial statements, but they do not have a material effect on the Group's interim condensed consolidated financial statements.



Saudi Chemical Holding Company
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Notes to the Interim Condensed Consolidated Financial Statements (Continued)
For the Six-Month Period Ended June 30, 2021

3. Property, Plant and Equipment and Capital Work in Progress

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

	Six Months ended June 30, 2021 Unaudited SR'000	Six Months ended June 30, 2020 Unaudited SR'000
Additions	1,191	10,527
Disposals	(1)	(113)
Transfers in	-	345
Depreciation expense	(20,556)	(19,164)

Assets with a net book value of SR 1 thousand were disposed by the Group during the Six Months ended June 30, 2021 (June 30, 2020: SR 113 thousand), resulting in a gain on sale of SR 1 thousand (June 30, 2020: loss on sale of SR 33 thousand).

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

	Six Months ended June 30, 2021 Unaudited SR'000	Six Months ended June 30, 2020 Unaudited SR'000
Additions	85,677	109,269
Transfers out	-	(345)

Finance costs included in the cost of qualifying assets during the Six Months ended June 30, 2021 amounted to SR 365 thousand (June 30, 2020: SR 1,471 thousand).

Capital work in progress as at June 30, 2021 represents mainly the costs incurred in constructing the Group's pharmaceutical factory in Ha'il Industrial City, new explosives plant in Riyadh, as well as other projects undertaken to comply with security regulations. Refer to note 11.2 for the capital commitments associated with those works in progress.

The Group's pharmaceutical factory in Ha'il and the 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.

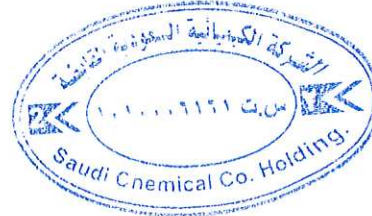
4. Trade Receivables

Trade receivables, as at June 30, 2021, includes balances which are due from Saudi Arabian government organizations amounting to SR 1,605 million, that is 72% of total trade receivables (December 31, 2020: SR 1,138 million, that is 67% of total trade receivables). Such organizations have strong credit ratings in the Saudi Arabian market. Revenues for the Six Months ended June 30, 2021 includes sales which were made to one customer amounting to SR 844 million, that is 45% of total revenues (June 30, 2020: SR 229 million, that is 14% of total revenues).

Expected credit loss on trade receivables of SR 19.9 million was recognised by the Group during the Six Months ended June 30, 2021 (June 30, 2020: SR 9.9 million).

5. Share Capital

As at June 30, 2021, the share capital of the Company was SR 843,200,000 (December 31, 2020: SR 843,200,000) which is comprised of 84,320,000 shares (December 31, 2020: 84,320,000 shares) of SR 10 each.



Saudi Chemical Holding Company
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Notes to the Interim Condensed Consolidated Financial Statements (Continued)
For the Six-Month Period Ended June 30, 2021

6. Financing

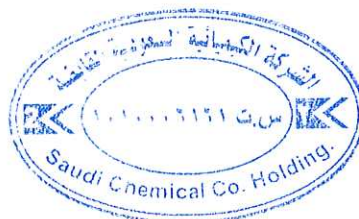
6.1 Saudi Industrial Development Fund's financing

One of the subsidiaries of the Group (AJA Pharmaceuticals Industries Company Limited) signed a long term financing facility agreement with Saudi Industrial Development Fund ("SIDF") for the purpose of financing the capital expenditure of the plant in Ha'il, amounting to SR 157.5 million, of which SR 157.5 million was utilised up to June 30, 2021 (December 31, 2020: SR 157.5 million). The proceeds received from the SIDF were originally reduced by processing fees of SR 11.8 million, and hence the balance of this financing appears net of amortized transaction cost amounting to SR 6.5 million as at June 30, 2021 (December 31, 2020: SR 7 million). Total finance is repayable, after a grace period, in fifteen consecutive semi-annual instalments starting from Jumada Althani 15, 1442H corresponding to January 28, 2021G with the last instalment due on Rabi' Al-Thani 15, 1449H corresponding to September 16, 2027G. The agreement includes certain financial covenants, and is secured by a promissory note, and pledge of the subsidiary's property, plant and equipment. As at June 30, 2021 the subsidiary is under discussion with SIDF to reschedule the loan and did not make repayments due on January 28, 2021G and May 27, 2021G.

Also, one of the subsidiaries of the Group (Saudi Chemical Company Limited) signed a long term financing facility agreement with Saudi Industrial Development Fund ("SIDF") for the purpose of financing the capital expenditure of the new plant in Riyadh, amounting to SR 229 million. of which SR 183.2 million was utilised up to June 30, 2021 (December 31, 2020: SR 183.2 million). The proceeds received from the SIDF were originally reduced by processing fees of SR 14.6 million, and hence the balance of this financing appears net of amortized transaction cost amounting to SR 13.8 million as at June 30, 2021 (December 31, 2020: SR 14.2 million). The total finance is repayable, after a grace period, in fourteen consecutive semi-annual instalments starting from Rabei' Althani 15, 1444H corresponding to November 9, 2022G with the last instalment due on Shawwal 15, 1450H corresponding to February 28, 2029G. The agreement includes certain financial covenants, and is secured by a promissory note, and pledge of the subsidiary's property, plant and equipment.

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

	June 30, 2021	December 31, 2020
	Unaudited	Audited
	<u>SR'000</u>	<u>SR'000</u>
Facility limit	386,500	386,500
Withdrawals	340,700	340,700
Less: Processing fees	(20,345)	(21,201)
	320,355	319,499
Of which:		
Non-current portion	290,955	298,899
Current portion	29,400	20,600
	320,355	319,499



Notes to the Interim Condensed Consolidated Financial Statements (Continued)
For the Six-Month Period Ended June 30, 2021

6. Financing (continued)

6.2 Short-term Islamic financing

The Group is using Islamic financing to finance its business operations. These facilities bear finance costs at SIBOR plus prevailing market rates. The facilities are secured by promissory notes. The facilities agreements include covenants requiring the maintenance of certain levels of financial ratios, and one of the agreements includes acknowledged assignment of SIDF financing's proceeds in favour of the lending bank. The following represents a summary of information about the short-term Islamic financing:

	Amounts utilized in the form of				Unutilized amounts SR'000
	Facility limit SR'000	Withdrawals SR'000	(Note 11.2) Letters of credit SR'000	(Note 11.1) Letters of guarantee SR'000	
As at June 30, 2021 (Unaudited)					
Saudi Chemical Holding Company	389,725	97,525	-	14,321	277,879
Saudi International Trading Company	3,209,700	1,367,683	242,389	275,579	1,324,049
Chemical Company for Commercial Investment Limited	65,000	22,376	-	-	42,624
AJA Pharmaceuticals Industries Company Limited	123,000	63,907	-	-	59,093
Saudi Chemical Company Limited	340,722	126,218	1,515	14,895	198,094
Total	4,128,147	1,677,709	243,904	304,795	1,901,739

	Amounts utilized in the form of				Unutilized amounts SR'000
	Facility limit SR'000	Withdrawals SR'000	(Note 11.2) Letters of credit SR'000	(Note 11.1) Letters of guarantee SR'000	
As at December 31, 2020 (Audited)					
Saudi Chemical Holding Company	389,725	171,725	-	14,321	203,679
Saudi International Trading Company	3,209,700	988,848	296,894	252,046	1,671,912
Chemical Company for Commercial Investment Limited	65,000	35,662	9,117	-	20,221
AJA Pharmaceuticals Industries Company Limited	123,000	82,429	4,551	-	36,020
Saudi Chemical Company Limited	340,722	120,994	-	574	219,154
Total	4,128,147	1,399,658	310,562	266,941	2,150,986



Saudi Chemical Holding Company
(A Saudi Joint Stock Company)

Notes to the Interim Condensed Consolidated Financial Statements (Continued)
For the Six-Month Period Ended June 30, 2021

7. Zakat and Income Tax

Zakat and income tax provisions of SR 17.2 million were recognised by the Group during the Six Months ended June 30, 2021 (June 30, 2020: SR 10.4 million).

The Company, SITCO Pharma, CCCIL, AJA Pharma and SCCL have filed their zakat declarations and obtained zakat certificates for the years up to 2020.

During the year ended December 31, 2020, The Company obtained the final zakat assessments for the years 2014 to 2018 from the General Authority of Zakat and Tax, which resulted in an additional amount of SR 10,227,611, and are being contested by the Company in accordance with the relevant procedures.

During the year ended December 31, 2019, SITCO and CCCIL obtained the final zakat assessments for years up to 2017 from the General Authority of Zakat and Tax.

During the period ended June 30, 2021, Aja Pharma obtained the final assessments for the year 2019 from the General Authority of Zakat and Tax.

8. Revenues

	Three months ended June 30		Six Months ended June 30	
	2021	2020	2021	2020
	Unaudited SR'000	Unaudited SR'000	Unaudited SR'000	Unaudited SR'000
Sale of goods	906,519	865,049	1,885,962	1,673,387
Rendering of services	(2)	2,612	(2)	4,841
Discounts	(6,611)	(8,940)	(16,593)	(19,926)
	<u>899,906</u>	<u>858,721</u>	<u>1,869,367</u>	<u>1,658,302</u>

9. Basic and Diluted Earnings Per Share

Earnings per share is computed using net profit for the period attributable to Shareholders of the Company based on the weighted average number of shares outstanding during such 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.

10. Financial Instruments

The following are the categories of the financial assets and liabilities carried on the interim condensed consolidated statement of financial position:

	June 30, 2021 Unaudited SR '000	December 31, 2020 Audited SR '000
Financial assets at amortized cost		
Trade receivables	2,215,044	1,687,627
Other assets	37,165	35,990
Cash and cash equivalents	86,979	150,326
Total financial assets at amortized cost	<u>2,339,188</u>	<u>1,873,943</u>
Financial liabilities at amortised cost:		
Saudi Industrial Development Fund's financing	320,355	319,499
Lease liabilities	8,316	10,335
Short-term Islamic financing	1,677,709	1,399,658
Trade payables	1,162,679	1,236,123
Unpaid dividends	13,308	13,308
Accrued expenses and other liabilities *	82,649	77,540
Total financial liabilities at amortized cost	<u>3,265,016</u>	<u>3,056,463</u>

* Except for unearned commission and advances from customers.

The Group did not provide fair value disclosures, as the book value of the financial assets and liabilities is a reasonable approximation of the fair value.



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Notes to the Interim Condensed Consolidated Financial Statements (Continued)
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11. Contingent Liabilities and Commitments

11.1 Contingent liabilities

As at June 30, 2021, the Group had outstanding letters of guarantee amounting to SR 305 million (December 31, 2020: SR 267 million), issued in the normal course of business of the Group.

11.2 Commercial and Capital commitments

As at June 30, 2021, the Group had outstanding letters of credit amounting to SR 244 million (December 31, 2020: SR 311 million) and capital commitments outstanding as at June 30, 2021, in respect of capital work in progress projects of SR 193 million (December 31, 2020: SR 194 million).

12. Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group evaluates segmental performance on the basis of profit or loss from operations. The Group's operations are principally in the explosives, medicines and medical supplies and production of ammonium nitrate. Certain selected financial information for the above-mentioned business segments is summarized below. 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.

	Explosives <u>SR'000</u>	Medicines and medical supplies <u>SR'000</u>	Production of ammonium nitrate <u>SR'000</u>	Total <u>SR'000</u>
Balances as at June 30, 2021 (Unaudited)				
Segment assets	1,279,441	3,723,902	90,559	5,093,902
Segment liabilities	534,612	2,891,654	3,875	3,430,141
Balances as at December 31, 2020 (Audited)				
Segment assets	1,261,897	3,533,254	87,668	4,882,819
Segment liabilities	574,785	2,668,764	1,775	3,245,324

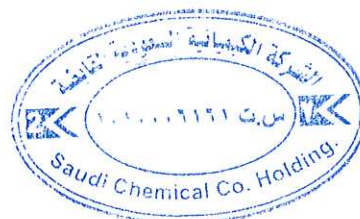


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Notes to the Interim Condensed Consolidated Financial Statements (Continued)
For the Six-Month Period Ended June 30, 2021

12. Segment Information (continued)

	Explosives <u>SR'000</u>	Medicines and medical supplies <u>SR'000</u>	Production of ammonium nitrate <u>SR'000</u>	Total <u>SR'000</u>
For the three-month period ended June 30, 2021 (Unaudited)				
External revenues	67,328	832,200	19,254	918,782
Intersegment revenues	-	(6,932)	(11,944)	(18,876)
Net revenues	67,328	825,268	7,310	899,906
Amortization	(12)	(510)	-	(522)
Depreciation	(2,839)	(6,203)	(1,236)	(10,278)
Depreciation of right-of-use assets	(167)	(404)	-	(571)
Impairment of trade receivables	(7,500)	(4,400)	-	(11,900)
Other expenses	(53,626)	(789,416)	(5,935)	(848,977)
Segment comprehensive income	3,184	24,335	139	27,658
For the six-month period ended June 30, 2021 (Unaudited)				
External revenues	148,962	1,731,953	29,871	1,910,786
Intersegment revenues	-	(24,264)	(17,155)	(41,419)
Net revenues	148,962	1,707,689	12,716	1,869,367
Amortization	(23)	(1,019)	-	(1,042)
Depreciation	(5,714)	(12,402)	(2,440)	(20,556)
Depreciation of right-of-use assets	(330)	(806)	-	(1,136)
Impairment of trade receivables	(10,500)	(9,400)	-	(19,900)
Other expenses	(114,718)	(1,632,130)	(11,035)	(1,757,883)
Segment comprehensive income	17,677	51,932	(759)	68,850



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Notes to the Interim Condensed Consolidated Financial Statements (Continued)
For the Six-Month Period Ended June 30, 2021

12. Segment Information (continued)

	Explosives SR'000	Medicines and medical supplies SR'000	Production of ammonium nitrate SR'000	Total SR'000
For the three-month period ended June 30, 2020 (Unaudited)				
External revenues	59,602	799,224	12,960	871,786
Intersegment revenues	-	(3,255)	(9,810)	(13,065)
Net revenues	59,602	795,969	3,150	858,721
Amortization	(12)	(970)	-	(982)
Depreciation	(2,837)	(5,615)	(1,241)	(9,693)
Depreciation of right-of-use assets	(164)	(405)	-	(569)
Impairment of trade receivables	(4,500)	3,457	-	(1,043)
Other expenses	(45,686)	(757,703)	(2,392)	(805,781)
Segment comprehensive income	6,403	34,733	(483)	40,653

For the six-month period ended June 30, 2020 (Unaudited)

External revenues	131,647	1,541,546	27,985	1,701,178
Intersegment revenues	-	(19,540)	(23,336)	(42,876)
Net revenues	131,647	1,522,006	4,649	1,658,302
Amortization	(24)	(2,049)	-	(2,073)
Depreciation	(5,759)	(10,938)	(2,467)	(19,164)
Depreciation of right-of-use assets	(330)	(687)	-	(1,017)
Impairment of trade receivables	(6,649)	(3,225)	-	(9,874)
Other expenses	(96,551)	(1,447,427)	(3,312)	(1,547,290)
Segment comprehensive income	22,334	57,680	(1,130)	78,884

13. Dividends

The Board of Directors in their meeting which was held on Sha'ban 26, 1442H corresponding to April 08, 2021G, proposed for shareholder's approval at General Assembly a dividend of SR 41,160,000 (SR 0.50 per share) for the year ended December 31, 2020, which was paid on Dhul-Hijjah 04, 1442H corresponding to June 14, 2021G.

14. 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.

15. 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 Muharram 3, 1443H corresponding to August 12, 2021G.

