

METHANOL CHEMICALS COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE-MONTH AND NINE-MONTH  
PERIODS ENDED 30 SEPTEMBER 2021

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## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF METHANOL CHEMICALS COMPANY (A SAUDI JOINT STOCK COMPANY)

### Introduction:

We have reviewed the accompanying interim condensed statement of financial position of Methanol Chemicals Company (the "Company"), a Saudi Joint Stock Company as at 30 September 2021, and the related interim condensed statement of comprehensive income for the three-month and nine-month periods ended 30 September 2021 and related interim condensed statements of changes in equity and cash flows for the nine-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 financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") 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" endorsed in the Kingdom of Saudi Arabia. A review of interim 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 that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion:

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

### Other matter:

The financial statements of the Company for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 28 March 2021. Further, the interim condensed financial statements of the Company for the three month period ended 31 March 2021 and for the nine month period ended 30 September 2020 were reviewed by another auditor who expressed an unmodified review conclusion on those financial statements on 10 May 2021 and 5 November 2020, respectively.

For Ernst & Young



Waleed G. Tawfiq  
Certified Public Accountant  
License No. 437



22 Rabi' Al-Awwal 1443H  
28 October 2021

Alkhobar

**METHANOL CHEMICALS COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

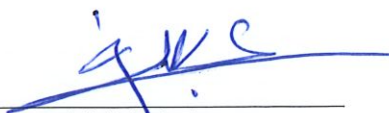
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021  
 (All amounts in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 30 September 2021 (Unaudited)	For the three-month period ended 30 September 2020 (Unaudited)	For the nine-month period ended 30 September 2021 (Unaudited)	For the nine-month period ended 30 September 2020 (Unaudited)
Revenue		249,554,960	132,276,029	672,645,424	351,074,965
Cost of sales		(133,119,222)	(141,646,047)	(395,869,369)	(355,885,792)
Impairment losses		-	(157,098,539)	-	(157,098,539)
<b>GROSS PROFIT/ (LOSS)</b>		<b>116,435,738</b>	<b>(166,468,557)</b>	<b>276,776,055</b>	<b>(161,909,366)</b>
Selling and distribution expenses		(19,701,986)	(13,982,609)	(55,165,632)	(37,441,187)
General and administration expenses		(10,891,863)	(10,029,334)	(31,900,553)	(28,970,191)
Other operating income (expenses), net		(2,147,675)	(778,331)	1,168,991	(2,987,810)
<b>OPERATING PROFIT/ (LOSS)</b>		<b>83,694,214</b>	<b>(191,258,831)</b>	<b>190,878,861</b>	<b>(231,308,554)</b>
Finance costs		(6,409,890)	(7,425,986)	(17,498,162)	(25,988,378)
Finance income		122,229	51,806	243,177	574,102
Finance costs - net		(6,287,661)	(7,374,180)	(17,254,985)	(25,414,276)
<b>PROFIT/ (LOSS) BEFORE ZAKAT</b>		<b>77,406,553</b>	<b>(198,633,011)</b>	<b>173,623,876</b>	<b>(256,722,830)</b>
Zakat expense		(3,300,000)	(3,819,208)	(9,474,218)	(5,612,543)
<b>NET PROFIT/ (LOSS) FOR THE PERIOD</b>		<b>74,106,553</b>	<b>(202,452,219)</b>	<b>164,149,658</b>	<b>(262,335,373)</b>
Other comprehensive income for the period		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD</b>		<b>74,106,553</b>	<b>(202,452,219)</b>	<b>164,149,658</b>	<b>(262,335,373)</b>
<b>Earnings/ (loss) per share</b>					
- Basic and diluted earnings/ (loss) per share (restated)	8	1.10	(3.00)	2.43	(3.89)

The interim condensed financial statements including other explanatory notes were authorized for issue by the Board of Directors on 27 October 2021 and were signed on their behalf by:

  
 Abdullah A. Al-Hajri  
 Chief Financial Officer

  
 Ali Al-Asiri  
 Chief Executive Officer

  
 Abdullah Ali Al Sanea  
 Chairman

The attached notes 1 to 11 form an integral part of these interim condensed financial statements.

**METHANOL CHEMICALS COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2021  
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	30 September 2021 (Unaudited)	31 December 2020 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,271,937,684	1,327,756,532
Right-of-use assets		20,415,646	21,893,266
Intangible assets		9,932,791	5,442,675
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,302,286,121</b>	<b>1,355,092,473</b>
<b>CURRENT ASSETS</b>			
Inventories		102,181,128	98,516,049
Trade and other receivables		286,880,214	140,211,951
Short term deposits		92,000,000	-
Cash and cash equivalents		14,256,442	84,082,213
<b>TOTAL CURRENT ASSETS</b>		<b>495,317,784</b>	<b>322,810,213</b>
<b>TOTAL ASSETS</b>		<b>1,797,603,905</b>	<b>1,677,902,686</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	1	674,508,630	1,206,000,000
Share premium		72,850,071	72,850,071
Statutory reserve	6	44,118,693	44,118,693
Retained earnings/ (accumulated losses)		151,203,994	(544,437,034)
<b>TOTAL EQUITY</b>		<b>942,681,388</b>	<b>778,531,730</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	5	419,930,964	-
Lease liabilities		23,049,772	22,924,115
Employee benefit obligations		50,593,147	48,892,233
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>493,573,883</b>	<b>71,816,348</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		101,325,790	87,186,455
Current portion of long-term borrowings	5	247,634,210	732,191,522
Current portion of lease liabilities		1,222,097	1,176,631
Zakat payable		11,166,537	7,000,000
<b>TOTAL CURRENT LIABILITIES</b>		<b>361,348,634</b>	<b>827,554,608</b>
<b>TOTAL LIABILITIES</b>		<b>854,922,517</b>	<b>899,370,956</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,797,603,905</b>	<b>1,677,902,686</b>



Abdullah A. Al-Hajri  
Chief Financial Officer



Ali Al-Asiri  
Chief Executive Officer



Abdullah Ali Al Sanea  
Chairman

The attached notes 1 to 11 form an integral part of these interim condensed financial statements.



**METHANOL CHEMICALS COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY  
 FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021  
 (All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Share premium	Statutory reserve	Retained earnings/ (accumulated losses)	Total equity
At 1 January 2020 <i>(Audited)</i>	1,206,000,000	72,850,071	44,118,693	(269,156,000)	1,053,812,764
Net loss for the period	-	-	-	(262,335,373)	(262,335,373)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(262,335,373)	(262,335,373)
At 30 September 2020 <i>(Unaudited)</i>	<u>1,206,000,000</u>	<u>72,850,071</u>	<u>44,118,693</u>	<u>(531,491,373)</u>	<u>791,477,391</u>
At 1 January 2021 <i>(Audited)</i>	1,206,000,000	72,850,071	44,118,693	(544,437,034)	778,531,730
Absorption of accumulated losses against share capital (note 1)	(531,491,370)	-	-	531,491,370	-
Net profit for the period	-	-	-	164,149,658	164,149,658
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	164,149,658	164,149,658
At 30 September 2021 <i>(Unaudited)</i>	<u>674,508,630</u>	<u>72,850,071</u>	<u>44,118,693</u>	<u>151,203,994</u>	<u>942,681,388</u>



Abdullah A. Al-Hajri  
 Chief Financial Officer



Ali Al-Asiri  
 Chief Executive Officer



Abdullah Ali Al Sanea  
 Chairman

The attached notes 1 to 11 form an integral part of these interim condensed financial statements.

**METHANOL CHEMICALS COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

INTERIM CONDENSED STATEMENT OF CASH FLOWS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021  
(All amounts in Saudi Riyals unless otherwise stated)

	30 September 2021	30 September 2020
	(Unaudited)	(Unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit/ (loss) before zakat	173,623,876	(256,722,830)
Adjustment to reconcile profit/ (loss) before zakat to net cash flows:		
Depreciation and amortisation	82,575,799	95,504,593
Impairment losses	-	157,098,539
Gain on disposal of property and equipment	-	(162,585)
Write-off of property, plant and equipment	-	843,230
Finance costs	17,498,162	25,988,378
Finance income	(243,177)	(574,102)
Provision for employee benefit obligations	4,838,049	5,384,576
	278,292,709	27,359,799
Changes in operating assets and liabilities:		
(Increase)/ decrease in inventories	(4,017,279)	12,220,708
Increase in trade and other receivables	(146,603,539)	(29,095,380)
Increase/ (decrease) in trade and other payables	14,139,335	(3,941,848)
Cash from operating activities	141,811,226	6,543,279
Finance costs paid on long-term borrowings	(22,370,216)	(17,679,183)
Finance income received on short-term deposits	178,453	667,156
Zakat paid during the period	(5,307,681)	(5,806,081)
Employee benefit obligations paid	(3,137,135)	(2,171,310)
<b>Net cash flows from/ (used in) operating activities</b>	<b>111,174,647</b>	<b>(18,446,139)</b>
<b>INVESTING ACTIVITIES</b>		
Movement in short-term deposits	(92,000,000)	-
Additions to property, plant and equipment	(23,952,130)	(32,821,300)
Proceed from disposal of property, plant and equipment	-	162,585
Additions to intangible assets	(5,465,117)	-
<b>Net cash flows used in investing activities</b>	<b>(121,417,247)</b>	<b>(32,658,715)</b>
<b>FINANCING ACTIVITIES</b>		
Repayments of long-term borrowings	(58,777,370)	-
Repayments of lease liabilities	(805,801)	(1,886,395)
<b>Net cash flows used in financing activities</b>	<b>(59,583,171)</b>	<b>(1,886,395)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(69,825,771)</b>	<b>(52,991,249)</b>
Cash and cash equivalents at the beginning of the period	84,082,213	113,086,237
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>14,256,442</b>	<b>60,094,988</b>
<b>Non-cash transactions:</b>		
Transfer of catalyst from inventory to plant and equipment	352,200	-
Absorption of accumulated losses against share capital (note 1)		

Abdullah A. Al-Hajri  
Chief Financial Officer

Ali Al-Asiri  
Chief Executive Officer

Abdullah Ali Al Sanea  
Chairman

The attached notes 1 to 11 form an integral part of these interim condensed financial statements.

## 1. CORPORATE INFORMATION

Methanol Chemicals Company (the "Company" or "Chemanol") is engaged in the production of Formaldehyde liquid and Urea Formaldehyde liquid or their mixture with different concentrations, Paraformaldehyde, liquid and powder Formaldehyde resins, Hexane Methylene Tetramine, Phenol Formaldehyde resins, concrete improvers, Methanol, Carbon monoxide, Di-methylamine, Mono-methylamine, Tri-mon-methylamine, Di-methyl Formamide, Di-methyl carbon, Penta Aritheretol, Sodium Formate and Acetaldehyde.

The Company is a joint stock company registered in the Kingdom of Saudi Arabia and operating under Commercial Registration (CR) number 2050057828 issued in Dammam on 30 Dhu al-Hijjah 1428H (9 January 2008). The accompanying interim condensed financial statements include the accounts of the Company and its branch registered in Jubail under CR No. 2055001870 dated 28 Dhu al-Hijjah 1409H (1 August 1989). The registered address of the Company is P.O. Box 2101, Jubail 31951, Kingdom of Saudi Arabia.

### COVID-19 Impact assessment

During 2020, the Company's revenues and net results were significantly impacted by the advent of COVID-19. This was mainly due to issues with logistics and decline in prices of the Company's products as certain markets and countries were locked down by their respective governments as a measure to prevent the spread of COVID-19. Also, during the three-month period ended 31 March 2020, the Company shut down certain of its plants for scheduled periodic maintenance for a period of 23 days. The increased uncertainty around the short to medium term demand of the Company's products also resulted in a significant decrease in the current and forecasted prices of such products. Accordingly, management revised its business plans, taking into account the most recent available information. Based on the approved business plans, the Company updated the value-in-use workings of non-current assets related to its Cash Generating Units ("CGUs") and determined that the recoverable amounts of the non-current assets of certain CGUs were lower than their carrying amounts. Accordingly, the Company recorded an impairment loss of Saudi Riyals 157.1 million in the interim condensed financial statements for the three-month period ended 30 September 2020.

Further, during the nine-month period ended 30 September 2021, the Company has witnessed an increase in the prices of most of its products, primarily due to increase in demand of such products as lockdowns in key markets and countries have been relaxed. The increase in prices of such products has resulted in an increase in revenue and profitability for the period. However, the market conditions remain volatile and management continues to monitor the situation closely.

The Company's management has also assessed other impacts of COVID-19 on its operations and continues to take preventative measures to ensure the health and safety of its employees and minimize the impact of the pandemic on its operations. However, as the situation is fluid and evolving, management continues to monitor and is taking necessary steps to ensure the continuity of its operations.

### Restructuring of long-term borrowings

As explained in Note 5, during the three-month period ended 31 March 2021, the Company signed agreements with the respective lender institutions to restructure its long-term borrowings.

### Equity restructuring

During the Company's extraordinary General Assembly meeting held on 18 Dhu'l-Qi'dah 1442H (corresponding to 28 June 2021), a decrease in share capital from SR 1,206,000,000 to SR 674,508,630 was approved by the shareholders as proposed by the Board of Directors. The decrease in share capital has been approved through absorbing accumulated losses of the Company amounting to SR 531,491,370. The legal formalities relating to the above were also completed during the period. The earning per share (note 8) for the comparative period has been adjusted retrospectively to reflect the treatment of effect of decrease in share capital as required by the relevant accounting standard. On 9 August 2021, the Board of Directors of the Company resolved and recommended to the shareholders of the Company to increase the Company's share capital from SR 674,508,630 to SR 1,225,000,000 through rights issue of 55,049,137 shares. The company has accordingly appointed a financial advisor to assist in obtaining the required approvals from the authorities and shareholders and expect to complete rights issue by quarter ending 31 March 2022.



## 2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of interim condensed financial statements of the Company are consistent with those of the previous financial year and corresponding interim reporting period.

### 2.1 BASIS OF PREPARATION

These interim condensed financial statements have been prepared using historical cost convention except for employees' defined benefit liabilities, for which actuarial present value calculation is used. These interim condensed financial statements are presented in Saudi Riyals, which is both the functional and presentation currency of the Company. These interim condensed financial statements of the Company have been prepared in compliance with IAS 34 "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The Company has prepared the interim condensed financial statements on the basis that it will continue to operate as a going concern. The management consider that there are no material uncertainties that may cast doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed financial statements does not include all the information and disclosures required in the annual financial statements. Accordingly, these interim condensed financial statements are to be read in conjunction with the annual financial statements for the year ended 31 December 2020. An interim period is considered as integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

### 2.2 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have any material impact on the interim condensed financial statements of the Company.

## 3. FAIR VALUE OF ASSETS AND LIABILITIES

As at 30 September 2021 and 31 December 2020, the fair values of the Company's financial instruments are estimated to approximate their carrying values since the financial instruments are short term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realized at their current carrying values within twelve months from the date of statement of financial position. The fair values of the non-current financial liabilities are estimated to approximate their carrying values as these carry interest rates which are based on prevailing market interest rates.

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim condensed financial statements requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

### IMPAIRMENT TEST OF NON-FINANCIAL ASSETS

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the Cash Generating Unit ("CGU") being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

METHANOL CHEMICALS COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021  
(All amounts in Saudi Riyals unless otherwise stated)

5. LONG-TERM BORROWINGS

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Saudi Industrial Development Fund ("SIDF")	245,000,000	245,000,000
Murabaha facilities	427,720,080	486,497,450
Total principal amount outstanding	672,720,080	731,497,450
Add: accrued finance costs	3,799,197	3,236,006
Less: adjustment to long-term borrowings based on effective interest rate method	(8,954,103)	(2,541,934)
	<u>667,565,174</u>	<u>732,191,522</u>

Long-term borrowings are presented in the interim condensed statement of financial position as follows:

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Long-term borrowings	419,930,964	-
Current maturity shown under current liabilities	247,634,210	732,191,522
	<u>667,565,174</u>	<u>732,191,522</u>

Movement in long-term borrowings is as follows:

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
At beginning of period / year	732,191,522	732,249,618
Finance costs for the period / year	17,907,199	29,308,714
Amortisation of transaction costs	1,075,524	2,561,134
Net gain on modification of terms of long-term borrowing agreements	(2,461,485)	-
Less: repayment of principal during the period / year	(58,777,370)	(3,750,000)
Less: repayment of finance costs	(22,370,216)	(28,177,944)
At end of period / year	<u>667,565,174</u>	<u>732,191,522</u>

5.1 SIDF BORROWING

The borrowing agreement with SIDF provided for a borrowing of Saudi Riyals 600 million to finance expansion and construction of the Company's production facilities, which was fully drawn by June 2010. Up-front and annual administrative fees are charged by SIDF under the borrowing agreements.

During the three-month period ended 31 March 2021, the Company signed a restructuring agreement with SIDF to principally reschedule the repayment of the principal amount of borrowing from 2021 to 2022. Such restructuring did not result in substantial modification of the terms of the previous borrowing agreement. The carrying amount of the borrowing was adjusted, as per the restructured terms, which resulted in a loss of Saudi Riyals 0.4 million.

The borrowing is secured by mortgage of the property, plant and equipment of the Company at 30 September 2021. The carrying value of the borrowing is denominated in Saudi Riyals.

The covenants of the borrowing require the Company to maintain certain level of financial conditions, limiting dividends distribution and annual capital expenditure above certain limits and certain other matters. As at 30 September 2021, the Company was compliant with covenants related to the SIDF borrowing.

5. LONG-TERM BORROWINGS (continued)

5.2 MURABAHA FACILITIES

During 2007, the Company entered into an agreement with a syndicate of banks, namely, Gulf International Bank (B.S.C), Riyadh Bank, Samba Financial Group and Saudi British Bank (collectively called as "Murabaha Facility Participants") to provide Murabaha Facilities and Syndicate and Bilateral borrowings for financing of expansion projects. The borrowing is denominated in Saudi Riyals and bears financial charges based on prevailing market rates which are based on Saudi inter-bank offer rates.

During the three-month period ended 31 March 2021, the Company signed a restructuring agreement with the lender institutions to principally reschedule the repayment of the principal amount of borrowing from 2021 through 2022 to 2021 through 2028. Such restructuring did not result in substantial modification of the terms of the original borrowing agreement. The carrying amount of the borrowing was adjusted, as per the restructured terms, which resulted in a gain of Saudi Riyals 2.9 million.

The covenants of the Murabaha facilities require the Company to maintain certain level of financial conditions, limiting dividends distribution and annual capital expenditure above certain limits and certain other matters. At 30 September 2021, the Company was compliant with covenants related to the Murabaha facilities.

5.3 MATURITY PROFILE OF LONG-TERM BORROWINGS

The restructured maturity profile of long-term borrowings is as follows:

Years ending 30 September:	
2022	248,799,197
2023	9,504,891
2024	26,138,449
2025	35,643,340
2026	38,019,563
Thereafter	318,413,837
	<u>676,519,277</u>

6. STATUTORY RESERVE

In accordance with the Company's By-laws and Regulations for Companies in the Kingdom of Saudi Arabia, at each year end the Company is required to transfer 10% of the profit for the year, after adjusting for accumulated deficit, to a statutory reserve until such reserve equals 30% of its share capital. This reserve is not available for distribution to the shareholders of the Company.

7. RELATED PARTY TRANSACTIONS

Related parties comprise the shareholders, directors, associated companies and key management personnel. Related parties also include business entities in which certain directors or senior management have an interest ("other related parties").

- a) Significant transactions entered into by the Company with its related parties comprise of costs and expenses charged by other related parties for the three-month and nine-month periods ended 30 September 2021 amounting to Saudi Riyals Nil and Saudi Riyals 54,339, respectively (three-month and nine-month periods ended 30 September 2020: Saudi Riyals Nil and Saudi Riyals 81,804, respectively).

- b) Key management personnel compensation:

	For the three-month period ended 30 September 2021	For the three-month period ended 30 September 2020	For the nine-month period ended 30 September 2021	For the nine-month period ended 30 September 2020
Salaries and other short-term employee benefits	1,240,089	1,720,973	4,413,630	5,515,536
Employee benefit obligations	84,368	35,361	166,436	138,415
	<u>1,324,457</u>	<u>1,756,334</u>	<u>4,580,066</u>	<u>5,653,951</u>

#### 8. BASIC AND DILUTED EARNINGS/ (LOSS) PER SHARE

Basic earnings/ (loss) per share is calculated by dividing the profit (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. As the Company does not have any dilutive potential shares, the diluted earnings/ (loss) per share is the same as the basic earnings/ (loss) per share.

The earnings per share for the comparative period has been adjusted retrospectively as explained in note 1.

	For the three-month period ended 30 September 2021	For the three-month period ended 30 September 2020	For the nine-month period ended 30 September 2021	For the nine-month period ended 30 September 2020
Profit/ (loss) for the period	74,106,553	(202,452,219)	164,149,658	(262,335,373)
Adjusted number of ordinary shares for basic and diluted earnings/ (loss) per share (restated)	67,450,863	67,450,863	67,450,863	67,450,863
Earnings/ (loss) per share (restated)	1.10	(3.00)	2.43	(3.89)

#### 9. CONTINGENCIES AND COMMITMENTS

- a) At 30 September 2021, the Company was contingently liable for bank guarantees and letters of credit issued in the normal course of business amounting to Saudi Riyals 50.4 million and Saudi Riyals 12.5 million, respectively (31 December 2020: Saudi Riyals 52.7 million and Saudi Riyals 0.01 million, respectively).
- b) The capital expenditure contracted by the Company but not incurred till 30 September 2021 was approximately Saudi Riyals 11.2 million (31 December 2020: Saudi Riyals 19.6 million).
- c) During 2020, the Zakat, Tax and Customs Authority ("ZATCA"), formerly known as General Authority for Zakat and Tax ("GAZT"), issued additional zakat assessments for the years 2014 through 2018 amounting to Saudi Riyals 8.8 million, out of which the Company paid Saudi Riyals 0.2 million in 2020 relating to the years 2014 through 2017, and, paid another Saudi Riyals 0.2 million in 2021 relating to the year 2016. The Company has filed an appeal against ZATCA's assessments.

During the period ended 31 March 2021, ZATCA issued a revised assessment with an additional zakat liability of approximately SR 21.3 million for the years 2014 through 2016. The Company has filed an appeal against ZATCA's revised assessment with the General Secretariat of Tax Committee ("GSTC") for the years 2014 through 2016 and GSTC's review is awaited. The management of the Company believes that the maximum liability that may arise upon the ultimate resolution of the appeal for the remaining items in the assessment for 2014 to 2016 is Saudi Riyals 2.0 million which was provided for in 2020 and is included in zakat payable as at 30 September 2021.

Further, ZATCA issued a revised assessment with an additional zakat liability of SR Nil for the years 2017 and 2018.

During the period ended 30 September 2021, ZATCA issued additional zakat assessments for the years 2019 and 2020 with an additional liability amounting to SR 1.5 million. The management of the Company is analyzing the assessment and will file an appeal within statutory time limit.

10. SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the period ended 30 September 2021 that would have a material impact on the financial position of the Company as reflected in these interim condensed financial statements.

11. COMPARATIVE AMOUNTS

Certain of the prior period figures have been reclassified to conform to the presentation in the current period. None of the reclassification impacted the profit or equity.