



# SABIC AGRI-NUTRIENTS COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023  
AND INDEPENDENT AUDITOR'S REVIEW REPORT

A large decorative graphic consisting of two overlapping shapes. The top shape is a blue trapezoid that tapers from left to right. The bottom shape is a yellow parallelogram that also tapers from left to right. They are positioned in the lower half of the page.

CHEMISTRY THAT MATTERS™

**Contents:**

Report on review of interim condensed consolidated financial statements .....	2
Interim condensed consolidated statement of financial position .....	3
Interim condensed consolidated statement of income and other comprehensive income .....	5
Interim condensed consolidated statement of changes in equity .....	7
Interim condensed consolidated statement of cash flows .....	8
Notes to the interim condensed consolidated financial statements .....	
1. Corporate information .....	10
2. Basis of preparation .....	10
3. Significant Accounting Judgements, Estimates and Assumptions .....	13
4. Fair value measurement .....	13
5. Investment in an associate and joint venture .....	14
6. Investment in equity instruments .....	14
7. Trade receivables .....	14
8. Employees' benefits .....	15
9. Derivative financial instruments .....	15
10. Zakat and income tax payable .....	15
11. Revenue .....	16
12. Earnings per share .....	16
13. Related party transactions and balances .....	17
14. Segment information .....	18
15. Commitment and contingencies .....	20
16. Appropriation of net income and dividends distributions .....	20
17. Conflict in Ukraine .....	20
18. Reclassification in comparative numbers .....	21
19. Other information .....	22



## *Report on review of interim condensed consolidated financial statements*

To the shareholders of SABIC Agri-Nutrients Company  
(A Saudi Joint Stock Company)

### **Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of SABIC Agri-Nutrients Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2023 and the related condensed consolidated statement of income and other comprehensive income for the three-month and six-month periods then ended and the interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended 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 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.

### **PricewaterhouseCoopers**

A blue ink signature, appearing to read 'Bader I. Benmohareb', is written over the PricewaterhouseCoopers logo.

Bader I. Benmohareb  
License Number 471

2 August 2023

## Interim condensed consolidated statement of financial position

(All amounts in Saudi Riyals '000 unless otherwise stated)

		As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
	Notes		
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment		8,461,067	8,378,415
Right-of-use assets		221,704	241,570
Intangible assets		69,011	80,490
Investment in an associate and joint venture	5	2,139,034	869,901
Investment in equity instruments	6	450,324	394,805
Other assets and receivables		380,638	343,822
<b>Total non-current assets</b>		<b>11,721,778</b>	<b>10,309,003</b>
<b>Current assets:</b>			
Inventories		753,725	733,993
Other assets and receivables		399,187	471,598
Trade receivables	7	1,557,168	2,560,964
Short-term investments		2,682,582	4,363,000
Cash and cash equivalents		7,613,373	8,618,127
<b>Total current assets</b>		<b>13,006,035</b>	<b>16,747,682</b>
<b>TOTAL ASSETS</b>		<b>24,727,813</b>	<b>27,056,685</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		4,760,354	4,760,354
Share premium		3,998,485	3,998,485
Statutory reserve		1,428,106	1,428,106
Other reserves		566,783	505,073
Retained earnings		5,653,434	9,201,968
<b>Equity attributable to the equity holders of the parent</b>		<b>16,407,162</b>	<b>19,893,986</b>
Non-controlling interest		1,119,101	1,075,991
<b>Total equity</b>		<b>17,526,263</b>	<b>20,969,977</b>
<b>Non-current liabilities:</b>			
Lease liabilities		212,805	222,521
Employee benefits	8	1,028,131	986,134
Derivative financial instruments	9	2,317,500	2,373,750
Deferred tax liabilities		56,945	55,395
<b>Total non-current liabilities</b>		<b>3,615,381</b>	<b>3,637,800</b>

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

## Interim condensed consolidated statement of financial position (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

		As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
	Notes		
<b>Current liabilities:</b>			
Current portion of employee benefits		162,374	151,815
Current portion of lease liabilities		27,816	23,239
Trade payables		651,304	744,897
Other liabilities		853,716	776,877
Dividends payable	16	1,737,986	323,349
Income tax payable		-	25,956
Zakat payable		152,973	402,775
<b>Total current liabilities</b>		<b>3,586,169</b>	<b>2,448,908</b>
<b>Total liabilities</b>		<b>7,201,550</b>	<b>6,086,708</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,727,813</b>	<b>27,056,685</b>



Designated Member  
Abdulaziz H. Al- Habdan



Chief Executive Officer  
Abdulrahman Ahmed Shamsaddin



General Manager Finance  
Ayed Habib Al-Haider

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

## Interim condensed consolidated statement of income and other comprehensive income

(All amounts in Saudi Riyals '000 unless otherwise stated)

	Notes	For the three-month period ended 30 June (Unaudited)		For the six-month period ended 30 June (Unaudited)	
		2023	2022*	2023	2022*
Revenue	11,14	2,629,439	5,700,071	5,389,112	10,357,188
Cost of sales		(1,697,637)	(2,440,306)	(3,320,117)	(4,224,391)
<b>Gross profit</b>		<b>931,802</b>	3,259,765	<b>2,068,995</b>	6,132,797
Selling and distribution expenses		(101,677)	(51,362)	(141,995)	(127,173)
General and administration expenses		(132,262)	(124,263)	(261,043)	(243,201)
Research and development expenses		(15,032)	35,646	(30,468)	(27,223)
Expected credit loss allowance (ECL)		(426)	(1,834)	(1,079)	(3,050)
Other operating (expense) income, net		(4,855)	7,903	305	222
<b>Operating profit</b>		<b>677,550</b>	3,125,855	<b>1,634,715</b>	5,732,372
Share of results from a non-integral associate and joint venture	5	39,502	130,184	70,895	242,332
Finance income		135,683	40,062	301,107	65,234
Finance costs		(15,928)	(9,554)	(44,221)	(20,047)
<b>Income before zakat and income tax</b>		<b>836,807</b>	3,286,547	<b>1,962,496</b>	6,019,891
Zakat expense	10 (a)	(137,438)	(48,241)	(195,639)	(94,942)
Income tax expense	10 (b)	(9,296)	(41,070)	(25,500)	(77,440)
Deferred tax expense	10 (b)	(377)	(1,605)	(1,550)	(839)
<b>Net income for the period</b>		<b>689,696</b>	3,195,631	<b>1,739,807</b>	5,846,670
<b>NET INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>					
Equity holders of the Parent		651,004	3,024,934	1,631,605	5,537,772
Non-controlling interests		38,692	170,697	108,202	308,898
		<b>689,696</b>	3,195,631	<b>1,739,807</b>	5,846,670

\* In respect of 2022 comparative period, refer to Note 18 for certain reclassifications made.

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

## Interim condensed consolidated statement of income and other comprehensive income (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

	Notes	For the three-month period ended 30 June (Unaudited)		For the six-month period ended 30 June (Unaudited)	
		2023	2022*	2023	2022*
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to interim condensed consolidated statement of income:</i>					
Net gain (loss) on fair value of equity investments	6	50,299	(155,644)	55,519	(172,727)
Re-measurement gain on defined benefit plans	8	20,870	103,756	847	186,984
Impact of deferred tax	10 (b)	-	(13)	-	(24)
<i>Items that will be reclassified to profit or loss in subsequent periods:</i>					
Exchange difference on translation of foreign investment		5,344	(5,332)	5,344	(5,332)
<b>Other comprehensive income (loss) for the period</b>		<b>76,513</b>	<b>(57,233)</b>	<b>61,710</b>	<b>8,901</b>
<b>Total comprehensive income for the period</b>		<b>766,209</b>	<b>3,138,398</b>	<b>1,801,517</b>	<b>5,855,571</b>
<b>Total comprehensive income for the period attributable to:</b>					
Equity holders of the Parent		727,517	2,967,647	1,693,315	5,546,575
Non-controlling interests		38,692	170,751	108,202	308,996
		<b>766,209</b>	<b>3,138,398</b>	<b>1,801,517</b>	<b>5,855,571</b>
<b>Earnings per share (Saudi Riyals)</b>					
Basic and diluted earnings per share from net income attributable to the equity holders of the Parent	12	1.37	6.35	3.43	11.63

\* In respect of 2022 comparative period, refer to Note 18 for certain reclassifications made.



Designated Member  
Abdulaziz H. Al-Habdan



Chief Executive Officer  
Abdulrahman Ahmed Shamsaddin



General Manager Finance  
Ayed Habib Al-Haider

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

## Interim condensed consolidated statement of changes in equity

(All amounts in Saudi Riyals '000 unless otherwise stated)

	Attributable to equity holders of the Parent						Non-controlling interest	Grand total
	Share Capital	Share premium	Statutory reserve	Other reserves	Retained earnings	Total		
As at 31 December 2021 (audited)	4,760,354	3,998,485	1,428,106	492,641	4,871,202	15,550,788	1,476,472	17,027,260
Net income for the period	-	-	-	-	5,537,772	5,537,772	308,898	5,846,670
Other comprehensive income for the period	-	-	-	8,803	-	8,803	98	8,901
Total comprehensive income for the period	-	-	-	8,803	5,537,772	5,546,575	308,996	5,855,571
<b>Transactions with owners in their capacity as owners</b>								
Income tax reimbursed	-	-	-	-	-	-	103,824	103,824
Dividends (note 16)	-	-	-	-	(3,332,248)	(3,332,248)	(575,000)	(3,907,248)
As at 30 June 2022 (unaudited)	4,760,354	3,998,485	1,428,106	501,444	7,076,726	17,765,115	1,314,292	19,079,407
As at 31 December 2022 (audited)	4,760,354	3,998,485	1,428,106	505,073	9,201,968	19,893,986	1,075,991	20,969,977
Net income for the period	-	-	-	-	1,631,605	1,631,605	108,202	1,739,807
Other comprehensive income for the period	-	-	-	61,710	-	61,710	-	61,710
Total comprehensive income for the period	-	-	-	61,710	1,631,605	1,693,315	108,202	1,801,517
Change in fair value of derivative financial instrument	-	-	-	-	56,250	56,250	-	56,250
<b>Transactions with owners in their capacity as owners</b>								
Income tax reimbursed	-	-	-	-	-	-	104,908	104,908
Dividends (note 16)	-	-	-	-	(5,236,389)	(5,236,389)	(170,000)	(5,406,389)
As at 30 June 2023 (unaudited)	4,760,354	3,998,485	1,428,106	566,783	5,653,434	16,407,162	1,119,101	17,526,263



Designated Member  
Abdulaziz H. Al-Habdan



Chief Executive Officer  
Abdulrahman Ahmed Shamsaddin



General Manager Finance  
Ayed Habib Al-Haider

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.



## Interim condensed consolidated statement of cash flows

(All amounts in Saudi Riyals '000 unless otherwise stated)

		For the six-month period ended 30 June (Unaudited)	
	Note	2023	2022*
<b>Operating activities:</b>			
Income before zakat and income tax		1,962,496	6,019,891
<i>Adjustments to reconcile income before zakat and income tax to net cash from operating activities:</i>			
- Depreciation of property, plant and equipment		415,445	408,227
- Depreciation of right-of-use assets		12,734	17,737
- Amortization of intangible assets		4,138	3,154
- Employees' benefits charge		34,620	39,606
- Share of results of a non-integral associate and joint venture	5	(70,895)	(242,332)
- Loss on disposal of property, plant and equipment		5,901	13,065
- Expected credit loss allowance (ECL)		1,079	3,050
- Finance income		(301,107)	(65,234)
- Finance costs		44,221	20,047
		2,108,632	6,217,211
<i>Change in operating assets and liabilities:</i>			
Inventories		(19,732)	61,564
Trade receivables		1,002,717	(630,701)
Other assets and receivables		35,843	56,079
Current portion of employee benefits		10,559	16,190
Trade payables		(93,593)	460,797
Other current liabilities		(42,426)	30,540
<b>Cash from operations</b>		3,002,000	6,211,680
Employees' benefits paid		(16,374)	(14,330)
Finance income received		244,669	31,248
Finance costs paid		(17,630)	(1,714)
Zakat and income tax paid		(498,709)	(315,387)
<b>Net cash from operating activities</b>		2,713,956	5,911,497
<b>Investing activities:</b>			
Purchase of property, plant and equipment		(547,317)	(271,579)
Purchase of intangible assets		-	(342)
Purchase of investment in joint venture		(1,073,605)	-
Dividends received from an associate		-	162,832
Short term investments- placements		(2,958,920)	(7,394,475)
Short term investments- proceeds		4,748,000	1,860,000
<b>Net cash from (used in) investing activities</b>		168,158	(5,643,564)
<b>Financing activities:</b>			
Payment of lease liabilities principal portion		-	(11,717)
Dividends paid to the Company's shareholders		(3,797,544)	(1,419,534)
Dividends paid to the non-controlling interest in a subsidiary.		(89,324)	(312,523)
<b>Net cash used in financing activities</b>		(3,886,868)	(1,743,774)
<b>Decrease in cash and cash equivalents</b>		(1,004,754)	(1,475,841)
Cash and cash equivalents at the beginning of the period		8,618,127	5,294,786
<b>Cash and cash equivalents at the end of the period</b>		7,613,373	3,818,945

\* In respect of 2022 comparative period, refer to Note 18 for certain reclassifications made.

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

## Interim condensed consolidated statement of cash flows (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

	For the six-month period ended 30 June (Unaudited)	
	2023	2022*
<b>Significant non-cash transactions:</b>		
Employee benefits transferred from related parties	-	31,530
Transfer of intangible assets to other assets and receivables	7,341	-
Transfers from property, plant and equipment to other assets and receivables	43,319	17,295
Transfer from other assets and receivable to short-term investment	52,224	-
Right of use assets recognized against corresponding lease liability	7,132	24,190
Acquisition of investment in joint venture against other liabilities	119,289	-

\* In respect of 2022 comparative period, refer to Note 18 for certain reclassifications made.



Designated Member  
Abdulaziz H. Al-Habdan



Chief Executive Officer  
Abdulrahman Ahmed Shamsaddin



General Manager Finance  
Ayed Habib Al-Haider

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

## Notes to the interim condensed consolidated financial statements

(All amounts in Saudi Riyals '000 unless otherwise stated)

### 1. Corporate information

SABIC Agri-Nutrients Company ("the Company"), is a Saudi Joint Stock Company incorporated under Royal Decree Number M/13 dated 11 Jumada' I 1385H (corresponding to 7 September 1965). The Company was initially registered in the city of Dammam with commercial registration number 2050001841 dated 1 Dhul al-Hijjah 1385H (corresponding to 24 March 1966), and later on the Company's head office was shifted to Jubail Industrial City with commercial registration number 2055002359 dated 29 Shawwal 1411H (corresponding to 14 May 1991). The previous commercial registration was converted to a branch and then cancelled in 2013.

The shareholders of the Company in their Annual General Meeting on 12 Ramadan 1443 (corresponding to 13 April 2022) decided to change the registered office of the Company from Jubail to Riyadh. Effective 20 Dhul Hijjah 1443H (corresponding to 19 July 2022), the registered office of the Company was changed to P.O Box 13244, Airport branch road, Qurtubah District, Riyadh.

The Company and its subsidiaries (collectively the "Group") are mainly engaged in the production, conversion, manufacturing of agri-nutrients and chemical products of all types for marketing and trade inside and outside the Kingdom of Saudi Arabia.

The interim condensed consolidated financial statements of the Group for the three-month and six-month periods ended 30 June 2023 were authorised for issue by the Board of Directors on 13 Muharram 1445H (corresponding to 31 July 2023).

On 19 Ramadan 1444H (corresponding to 10 April 2023), SABIC Agri-Nutrients Investments Company ("SANIC"), a wholly-owned subsidiary of the Company has completed the acquisition procedures of 49% shareholding in ETG Inputs Holdco Limited ("EIHL") in terms of getting the regulatory approvals in compliance with the terms and conditions of the Share Purchase Agreement (SPA). As per SPA, the SANIC is required to pay a fixed consideration of Saudi Riyals 1,200 million which shall be adjusted for debt, cash and cash equivalent and working capital changes as at 10 April 2023.

During the period ended 30 June 2023, SANIC has estimated the total consideration to be Saudi Riyals 1,193 million based on the provisional figures which are estimates as at the completion date i.e., 10 April 2023 out of which initial payment of Saudi Riyals 1,074 million (90% of the total estimated consideration) has been made and the remaining amount has been recorded as 'other liabilities'. This arrangement has been recognised as a joint venture under the equity method of accounting. Refer Note 5.

At the reporting date, management has not completed the provisional price exercise to determine the fair values attributable to the acquisition of the joint venture. The provisional price exercise and detailed purchase price allocation for all the assets and liabilities of EIHL which forms part of the transaction is due to be completed during the remainder of the year. Hence, the adjustment to the consideration shall be made once the completion formalities are executed. Accordingly, the details of the assets and liabilities forming part of this transaction are also not disclosed in these interim condensed consolidated financial statements.

The Company has the following subsidiaries, an associate and a joint venture having direct and indirect shareholding as at 30 June 2023 and 31 December 2022:

Name	Relationship	Country of incorporation	Principal activities	% Shareholding	
				30 June 2023	31 December 2022
National Chemical Fertiliser Company ("Ibn Al-Baytar")	Subsidiary	KSA	Agri-nutrients	100	100
SABIC Agri-Nutrients Investments Company ("SANIC")	Subsidiary	KSA	Agri-nutrients	100	100
Al-Jubail Fertiliser Company ("Al-Bayroni")	Subsidiary	KSA	Agri-nutrients and petrochemicals	50	50
Gulf Petrochemical Industries ("GPIC")	Associate	Bahrain	Agri-nutrients	33.33	33.33
ETG Inputs Holdco Limited and its subsidiaries (EIHL)	Joint Venture	UAE	Agri-nutrients	49	-

The Company also holds 3.87% equity interest in Arabian Industrial Fibers Company (Ibn Rushd) and 1.69% equity interest in Yanbu National Petrochemicals Company (Yansab).

### 2. Basis of preparation

These interim condensed consolidated financial statements for the six-month period ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

## Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

### 2. Basis of preparation (continued)

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022 ("Last Annual Financial Statements"). However, changes in accounting policies, if any and selected explanatory notes are included to explain events and transactions that are significant for understanding the changes in the Group's consolidated financial position and performance since the Last Annual Financial Statements.

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.

The interim condensed consolidated financial statements are prepared under the historical cost convention using the accruals basis of accounting, except for the measurement at fair value of certain financial assets through the interim condensed consolidated statement of income and other comprehensive income and derivative financial instruments through retained earnings. Further, post-employment benefits are measured at the present value of the defined benefit obligation using the projected unit credit method using actuarial present value calculations.

#### 2.1 Summary of significant accounting policies

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

##### Investments in joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the legal structure of the joint arrangement and also contractual rights and obligations of each investor. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

##### *Joint operations:*

A joint operation is an arrangement whereby the parties that have joint control on the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held assets or incurred liabilities, revenues and expenses for its joint operations.

##### *Joint ventures:*

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the interim condensed consolidated statement of financial position.

Under the equity method of accounting, the investments in joint venture are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition results in the interim condensed consolidated statement of income, and the Group's share of movements in OCI in the interim condensed consolidated statement of comprehensive income. Dividends received from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it is liable due to constructive or legal obligations on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the interim condensed consolidated statement of income.

## Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

### 2. Basis of preparation (continued)

#### 2.1 Summary of significant accounting policies (continued)

##### Investments in joint arrangements (continued)

When the Group ceases to equity account for an investment because of a loss of joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in the interim condensed consolidated statement of income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in OCI in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in OCI are reclassified to the interim condensed consolidated statement of income.

If the ownership interest in a joint venture is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in OCI, except for the items that will not be reclassified to the interim condensed consolidated statement of comprehensive income, are reclassified to the interim condensed consolidated statement of income, where appropriate.

#### 2.2 New standards, interpretations and amendments to existing standards

##### New and amended standards adopted by the Group during the period

Several new amendments and interpretations apply for the first time for the annual reporting period commencing 1 January 2023, but do not have material impact on the interim condensed consolidated financial statements of the Group. The Group has adopted the following standards and amendments:

##### Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendment to IAS 1 'Financial Statements' elaborates the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- what classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- what only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendment does not affect the Group's classification of current and non-current liabilities.

##### Amendments to IAS 8- Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'.

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments do not have a material impact on the Group.

##### Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

On 7 May 2021, the IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12'. The amendments apply to annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The amendment narrows the scope of the initial recognition exception under IAS 12 Income Taxes, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and assets demolishing and site restoration obligations.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 but are not applicable, as the Group has not applied the initial recognition exception to such.

## Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

### 3 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and accompanying disclosures, and the disclosure of contingent liabilities. The accounting estimates and assumptions used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2022.

### 4. Fair value measurement

	As at 30 June 2023 (Unaudited)				As at 31 December 2022 (Audited)			
	Level I	Level II	Level III	Total	Level I	Level II	Level III	Total
<b>Financial assets</b>								
Investment in quoted equity instruments	450,324	-	-	450,324	394,805	-	-	394,805
Trade receivables	-	-	703,386	703,386	-	-	425,625	425,625
<b>Total</b>	<b>450,324</b>	<b>-</b>	<b>703,386</b>	<b>1,153,710</b>	<b>394,805</b>	<b>-</b>	<b>425,625</b>	<b>820,430</b>
<b>Financial liabilities</b>								
Derivative financial instruments	-	-	2,317,500	2,317,500	-	-	2,373,750	2,373,750
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,317,500</b>	<b>2,317,500</b>	<b>-</b>	<b>-</b>	<b>2,373,750</b>	<b>2,373,750</b>

The classification methodology used in this disclosure is in line with the annual consolidated financial statements. There were no transfers between Level I, Level II or Level III for the six-month period ended 30 June 2023.

Description	Valuation technique	Significant non-observable input	Range
Derivative financial instruments	Market approach	Put options and forward contracts: - Equity value to EBITDA multiple	5.97

The Group has financial instruments, which are measured at fair value.

The key movements during the six-month period ended 30 June 2023 in Level III fair values of financial assets was SR 19 million (30 June 2022: SR 449 million) and financial liabilities was SR 56 million (30 June 2022: Nil) related to fair value gain of derivative financial instruments.

The Group assessed that the fair value of trade receivables (carried at amortized cost), short-term investments, cash and cash equivalents, trade payables and other financial assets and financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

A change in the significant non-observable inputs would result in a change in the value of the derivative financial instrument as follow:

	Change in the significant non-observable inputs		Derivative financial instruments value "000"			
			As at 30 June 2023		As at 31 December 2022	
	From	To	From	To	From	To
Increase equity value to EBITDA multiple by 10%	5.97	6.57	2,317,500	2,550,000	2,373,750	2,648,433
Decrease equity value to EBITDA multiple by 10%	5.97	5.37	2,317,500	2,085,000	2,373,750	2,058,219

## Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

### 5. Investment in an associate and joint venture

Investment in associate comprises investment in Gulf Petrochemical Industries (GPIC), which is incorporated in the Kingdom of Bahrain and is engaged in manufacturing and exporting of ammonia, urea and methanol products.

Investment in joint venture comprises investment in ETG Inputs Holdco Limited and its subsidiaries collectively referred as EIHL Group, which is incorporated in Dubai United Arab Emirates, which is engaged in the trading, processing and distribution of agri-nutrient products. Refer Note 1.

Investment in an associate and joint venture are accounted for using the equity method. The table below provides movement of investment in both GPIC and ETG during the period:

	Six-month period ended 30 June 2023 (Unaudited)	Year ended 31 December 2022 (Audited)
Opening balance	869,901	769,088
Acquired during the period (Note 1)	1,192,894	-
Share of profit for the period / year	70,895	408,315
Dividends received	-	(307,502)
Movement in OCI	5,344	-
Closing balance	2,139,034	869,901

### 6. Investment in equity instruments

	Six-month period ended 30 June 2023 (Unaudited)		Year ended 31 December 2022 (Audited)	
	Local-quoted	Local-unquoted	Local-quoted	Local-unquoted
<b>Cost:</b>				
At the beginning and end of the period/year	94,905	77,363	94,905	77,363
<b>Fair value reserve of financial assets at FVOCI:</b>				
At the beginning of the period/year	299,900	(77,363)	557,092	(77,363)
Change in the fair value reserve during the period/year	55,519	-	(257,192)	-
At the end of the period/year	355,419	(77,363)	299,900	(77,363)
Carrying amounts	450,324	-	394,805	-

Quoted investments represent 1.69% (31 December 2022: 1.69%) shares held in Yanbu National Petrochemical Company (Yansab), a listed entity in Tadawul.

Unquoted investments represent 3.87% (31 December 2022: 3.87%) shares held in Arabian Industrial Fibers Company (Ibn Rushd), a subsidiary of SABIC. Both the investments are carried at fair value. Refer note 4.

### 7. Trade receivables

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Trade receivables	404,688	1,514,000
Due from Taiwan Fertilizer Company Limited ("TFC")	-	41,263
Trade receivables due from other related parties (Note 13)	1,153,981	1,006,123
	1,558,669	2,561,386
Less: allowance for expected credit losses	(1,501)	(422)
	1,557,168	2,560,964

Trade receivables due from related parties includes SR 767 million (31 December 2022: SR 426 million) carried at fair value. Refer note 4.

## Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

## 8. Employees' benefits

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Defined benefit obligations (DBO)	1,028,131	986,134
Total defined benefit obligation presented under non-current liabilities	1,028,131	986,134
Employee savings plan	162,375	151,815
Total defined contribution plan presented under current liabilities	162,375	151,815

The following table represents charge in the interim condensed consolidated statement of income and other comprehensive income

	Six-month period ended 30 June (Unaudited)	
	2023	2022
Current service cost	34,620	39,606
Interest cost	24,599	12,742
Re-measurement gains on defined benefit plans	(847)	(186,984)
	58,372	(134,636)

## 9. Derivative financial instruments

	Six-month period ended 30 June 2023 (Unaudited)	Year ended 31 December 2022 (Audited)
Opening balance	2,373,750	-
Transfer of obligations to acquire the remaining shares of Al-Bayroni	-	2,373,750
Change in fair value of derivative	(56,250)	-
Closing balance	2,317,500	2,373,750

A Joint Venture (JV) Agreement dated 04 December 1979 was signed between SABIC and TFC for the joint ownership of Al-Bayroni. Upon acquisition of SANIC in 2021, the JV agreement was novated from SABIC to SANIC with effect from 29 December 2022. Hence, the rights and obligations in the JV agreement were transferred to SANIC during 2022 including the liability to acquire the remaining shares of Al-Bayroni upon termination of the JV agreement. The amount of the liability in the form of a forward contract transferred by SABIC amounting to Saudi Riyals 2.37 billion was recorded in the previous year as a non-current liability with adjustment in retained earnings. Subsequent changes in the fair value of the liability shall be recorded against the retained earnings. Refer note 4.

## 10. Zakat and income tax payable

## a) Zakat charge

	Six-month period ended 30 June (Unaudited)	
	2023	2022
Provision for the period	122,325	99,798
Adjustments	73,314	(4,856)
	195,639	94,942



## Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

## 10. Zakat and income tax payable (continued)

## b) Income tax charge

	Six-month period ended 30 June (Unaudited)	
	2023	2022
<b>Current tax</b>		
Provision for the period	25,500	75,319
Adjustments in respect of current income tax of prior years	-	2,121
	25,500	77,440
<b>Deferred income tax</b>		
Increase in deferred tax liabilities	1,550	839
Effect of deferred tax on OCI	-	24
<b>Total income tax expense reported in the interim condensed consolidated statement of income and other comprehensive income</b>	<b>27,050</b>	<b>78,303</b>

Management determines the estimated tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

## c) Status of assessments

The zakat and income tax assessment status of the Group is the same from what was disclosed in the consolidated financial statements for the year ended 31 December 2022 with the addition of submission of zakat and tax returns and obtaining the certificates up to the year ended 31 December 2022.

## 11. Revenue

	Three-month period ended 30 June (Unaudited)		Six-month period ended 30 June (Unaudited)	
	2023	2022	2023	2022
Sales of goods revenue	2,566,367	5,486,372	5,189,751	9,991,099
Transportation services	63,072	213,699	199,361	366,089
	2,629,439	5,700,071	5,389,112	10,357,188

There is no revenue that has been recognized in 2023 from performance obligations satisfied in previous years. All unfulfilled remaining performance obligations as at 30 June 2023 are expected to be satisfied in the following period.

## 12. Earnings per share

Basic earnings per share is calculated by dividing the net income for the period attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period. The following reflects the income and shares data used in the basic and diluted earnings per share computations:

	Three-month period ended 30 June (Unaudited)		Six-month period ended 30 June (Unaudited)	
	2023	2022	2023	2022
Net income attributable to equity holders of the Parent (SR '000)	651,004	3,024,934	1,631,605	5,537,772
Weighted average number of ordinary shares ('000)	476,035	476,035	476,035	476,035
Basic and diluted earnings per share from net income attributable to equity holders of the Parent (SR)	1.37	6.35	3.43	11.63

There has been no item of dilution affecting the weighted average number of ordinary shares.

## Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

## 13. Related party transactions and balances

Related parties represent the ultimate parent company, parent company, shareholders, associated companies, key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. The following is the list of the major related parties of the Group:

Details	Nature of relationship
Saudi Arabian Oil Company ("Saudi Aramco")	Ultimate parent
Saudi Basic Industries Corporation("SABIC")	Controlling shareholder and Parent Company
SABIC associates	Entities where SABIC has significant influence
SABIC affiliates	Entities where SABIC has control
TFC	Non-controlling interest in Al-Bayroni

The following table provides the total amount of significant transactions that have been entered into with related parties during the six-month period ended 30 June 2023 and 2022, as well as balances with related parties as at 30 June 2023 and December 31, 2022:

	For the three-month period ended 30 June 2023		For the six-month period ended 30 June 2023	
	Sales to related parties	Purchases, shared services charges and other charges	Sales to related parties	Purchases, shared services charges and other charges
SABIC	175,847	(100,645)	354,531	(209,013)
Saudi Aramco	-	(182,110)	19	(343,360)
SABIC associates	-	(956,821)	-	(1,755,964)
SABIC affiliates	1,398,947	(129,120)	2,820,719	(253,769)
TFC	17,162	-	17,162	-
	For the three-month period ended 30 June 2022		For the six-month period ended 30 June 2022	
SABIC	276,749	(2,897)	560,123	(105,007)
Saudi Aramco	-	(202,838)	-	(400,904)
SABIC associates	-	(1,324,144)	-	(2,178,658)
SABIC affiliates	3,754,295	(151,199)	6,821,975	(288,851)

Also see Note 16 for dividends distributions.

## Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

## 13. Related party transactions and balances (continued)

	As at 30 June 2023		As at 31 December 2022	
	Amounts owed by related parties	Amounts owed to related parties	Amounts owed by related parties	Amounts owed to related parties
SABIC	104,644	(114,814)	123,184	(207,403)
Saudi Aramco	-	(27,720)	-	(67,193)
SABIC associates	-	(397,016)	-	(395,144)
SABIC affiliates	1,049,337	(48,125)	882,939	(9,127)
TFC	-	(3,193)	41,263	-

## 14. Segment information

For management purposes, the Group is organized into two Strategic Business Units ("SBUs"), a wholly owned manufacturing business, which based on its products is grouped into two reporting segments (Agri-nutrients and Petrochemicals). Products in the agri-nutrients segment comprise of Ammonia, Urea and Phosphate (DAP/ MAP) while products in the Petrochemicals segment comprise of 2-Ethyl Hexanol and Dioctyl Phthalate.

Based on a management decision and in line with management reporting, the income and expenses relating to the corporate segment, have been allocated over the Petrochemicals and Agri-nutrients SBUs according to an internally agreed consistent basis. The performance of the SBUs is reviewed internally by the Chief Operating Decision Maker ("CODM") (i.e. the Board of Directors) based on the statement of income only. Assets and liabilities are not included in the measures used by the CODM, hence segment assets and liabilities are not reported in the below segment disclosure. All operating assets of the Group are located in the Kingdom of Saudi Arabia. Revenues of approximately SR 2.8 billion for the period ended 30 June 2023 were derived from two related party customers (30 June 2022: SR 6.8 billion). See note 13.

All intercompany transactions within the reporting segments have been appropriately eliminated. The segments' financial details (unaudited) are shown below:

	For the six-month period ended 30 June 2023		
	Petrochemicals	Agri-nutrients	Consolidated
Revenue	359,154	5,029,958	5,389,112
Depreciation and amortization	(36,703)	(395,588)	(432,291)
Income from operations	83,565	1,551,150	1,634,715
Share of results of an associate	-	70,895	70,895
Finance income	2,392	298,715	301,107
Finance cost	(3,698)	(40,523)	(44,221)
Income before zakat and income tax	82,259	1,880,237	1,962,496

  

	For the six-month period ended 30 June 2022		
	Petrochemicals	Agri-nutrients	Consolidated
Revenue	463,983	9,893,205	10,357,188
Depreciation and amortization	(28,041)	(429,974)	(458,015)
Income from operations	148,162	5,584,210	5,732,372
Share of results of an associate	-	242,332	242,332
Finance income	577	64,657	65,234
Finance cost	(1,100)	(18,947)	(20,047)
Income before zakat and income tax	147,639	5,872,252	6,019,891

## Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

## 14. Segment information (continued)

	For the three-month period ended 30 June 2023		
	Petrochemicals	Agri-nutrients	Consolidated
Revenue	183,246	2,446,193	2,629,439
Depreciation and amortization	(20,681)	(204,241)	(224,922)
Income from operations	46,834	630,716	677,550
Share of results of an associate	-	39,502	39,502
Finance income	1,536	134,147	135,683
Finance cost	(1,111)	(14,817)	(15,928)
Income before zakat and income tax	47,259	789,548	836,807

	For the three-month period ended 30 June 2022		
	Petrochemicals	Agri-nutrients	Consolidated
Revenue	276,838	5,423,233	5,700,071
Depreciation and amortization	(13,236)	(210,331)	(223,567)
Income from operations	109,755	3,016,100	3,125,855
Share of results of an associate	-	130,184	130,184
Finance income	320	39,742	40,062
Finance cost	(563)	(8,991)	(9,554)
Income before zakat and income tax	109,512	3,177,035	3,286,547

The Group sells products to the Controlling Shareholder SABIC as well as directly to the customers located inside and outside of the Kingdom of Saudi Arabia.

Geographical distribution of revenue based on the location of the customer

	For the six-month period ended 30 June 2023 (Unaudited)		For the six-month period ended 30 June 2022 (Unaudited)	
Americas	944,365	18%	2,214,341	21%
India	1,050,322	19%	1,594,695	16%
Singapore	1,861,843	35%	4,603,589	44%
U.A.E	142,062	2%	154,654	2%
Saudi Arabia	838,783	16%	1,285,476	12%
Others	551,737	10%	504,433	5%
	5,389,112	100%	10,357,188	100%

  

	For the three-month period ended 30 June 2023 (Unaudited)		For the three-month period ended 30 June 2022 (Unaudited)	
Americas	487,876	19%	1,049,064	18%
India	508,534	19%	807,560	14%
Singapore	905,854	35%	2,622,788	46%
U.A.E	90,360	3%	-	0%
Saudi Arabia	365,589	14%	729,243	13%
Others	271,226	10%	491,416	9%
	2,629,439	100%	5,700,071	100%

## Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

### 15. Commitment and contingencies

#### Capital commitments

The Board of Directors approved future capital expenditure amounting to SR 753 million (31 December 2022: SR 778 million).

The Group also has lease arrangements with Royal Commission for Jubail and Yanbu where the Group is obliged to restore the land to its original condition by the end of the lease term as per the terms of the agreement.

#### Letter of guarantee

The Group issued bank guarantees of amounting to SR 210 million (31 December 2022: SR 208 million) in favour of customs, port authorities and suppliers.

### 16. Appropriation of net income and dividends distributions

#### Dividends attributable to the shareholders of the Company

On 16 Thul-Qa'adh 1444H (corresponding to 5 June 2023), the Board of Directors approved to distribute an interim cash dividend amounting to Saudi Riyals 3 per share (Saudi Riyals 1,428 million in total) for the first half of 2023. Dividends will be available for distribution on 13 Muharram 1445H (corresponding to 31 July 2023).

On 25 Jamada 1 1444H (corresponding to 19 December 2022), the Board of Directors approved to distribute an interim cash dividend amounting to Saudi Riyals 8 per share (Saudi Riyals 3,808 million in total) for the second half of 2022. These proposed dividends were approved by the General Assembly in their meeting held on 4 Ramadan 1444H (corresponding to 26 March 2023).

#### Dividends attributable to the non-controlling interest

On 2 Thul-Hijjah 1444H (corresponding to 20 June 2023), the Board of Directors of Al-Bayroni approved to distribute final interim dividends for the period ended 30 June 2023 amounting to Saudi Riyals 240 million (Saudi Riyals 120 million to each Partner). Dividends were available for distribution to the Partners on 18 Thul-Hijjah 1444H (corresponding to 6 July 2023).

On 6 Ramadan 1444H (corresponding to 28 March 2023), the Board of Directors of Al-Bayroni approved to distribute final interim dividends for the period ended 31 March 2023 amounting to Saudi Riyals 100 million (Saudi Riyals 50 million to each Partner). Dividends were available for distribution to the Partners on 8 Ramadan 1444H (corresponding to 30 March 2023).

Bank balances include cash held in separate bank accounts amounting to SR 143 million (31 December 2022: SR 132 million) for dividend payable. Also, bank balances include cash of SR 45 million (31 December 2022: SR 45 million) kept in a separate bank account for donations. The cash held in these bank accounts is available for access by the Group at any point in time.

### 17. Conflict in Ukraine

The Russian-Ukrainian conflict started in February 2022 resulting in a steep increase of crude oil and natural gas prices and at the same time affecting share prices at stock exchanges. The course of events required a reassessment of certain accounting estimates, assumptions and judgements of the Group's exposure on impairment risks and expected credit losses. No significant operational costs were recognised in these interim condensed consolidated financial statements, directly associated with the Russian-Ukrainian conflict. Management will keep monitoring the situation and further developments. Based on the current assessment, no significant adjustments were required in the interim condensed consolidated financial statements for the six-month ended 30 June 2023.

## Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

## 18. Reclassification in comparative numbers

Certain prior period's figures have been reclassified to confirm with the current period's presentation. As such, the prior period comparative figures have been reclassified. These reclassifications are consistent with the accounting presentation adopted in the consolidated financial statements for the year ended 31 December 2022 and have no impact on previously reported net income, retained earnings or cash positions:

	As previously reported	Amount of reclassification	Reclassified amounts
<b>Interim condensed consolidated statement of income and other comprehensive income</b>			
<b>For the six-month period ended 30 June 2022</b>			
Cost of sales (i)	(3,858,302)	(366,089)	(4,224,391)
<b>Gross profit</b>	<b>6,498,886</b>	<b>(366,089)</b>	<b>6,132,797</b>
Selling and distribution expenses (i)	(493,262)	366,089	(127,173)
General and administrative expense (ii)	(270,424)	27,223	(243,201)
Research and development expense (ii)	-	(27,223)	(27,223)
Expected credit loss allowance (ECL) (iii)	-	(3,050)	(3,050)
Other operating (expense) income, net (iii)	-	222	222
<b>Income from operations</b>	<b>5,735,200</b>	<b>(2,828)</b>	<b>5,732,372</b>
Other operating income (expense), net (iii)	222	(222)	-
Expected credit loss allowance (ECL) (iii)	(3,050)	3,050	-
<b>Interim condensed consolidated statement of cash flows</b>			
<b>For the six-month period ended 30 June 2022</b>			
Increase in current portion of employee benefits (iv)	-	16,190	16,190
Decrease in other liabilities (iv)	29,630	910	30,540
Increase in other assets and receivables (v)	2,037	54,042	56,079
Finance income received (v)	-	31,248	31,248
<b>Net cash from operating activities</b>	<b>5,809,107</b>	<b>102,390</b>	<b>5,911,497</b>
Finance income received (v)	31,248	(31,248)	-
Decrease in other assets and receivables (v)	54,042	(54,042)	-
<b>Net cash used in investing activities</b>	<b>(5,558,274)</b>	<b>(85,290)</b>	<b>(5,643,564)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(1,492,941)</b>	<b>17,100</b>	<b>(1,475,841)</b>
Cash and cash equivalents at the beginning of the year (iv)	5,230,912	63,874	5,294,786
Cash and cash equivalents at the end of the period (iv)	3,737,971	80,974	3,818,945

	As previously reported	Amount of reclassification	Reclassified amounts
<b>Interim condensed consolidated statement of income and other comprehensive income</b>			
<b>For the three-month period ended 30 June 2022</b>			
Cost of sales (i)	(2,226,607)	(213,699)	(2,440,306)
<b>Gross profit</b>	<b>3,473,464</b>	<b>(213,699)</b>	<b>3,259,765</b>
Selling and distribution expenses (i)	(265,061)	213,699	(51,362)
General and administrative expense (ii)	(88,617)	(35,646)	(124,263)
Research and development expense (ii)	-	35,646	35,646
Expected credit loss allowance (ECL) (iii)	-	(1,834)	(1,834)
Other operating (expense) income, net (iii)	-	7,903	7,903
<b>Income from operations</b>	<b>3,119,786</b>	<b>6,069</b>	<b>3,125,855</b>
Other operating income (expense), net (iii)	7,903	(7,903)	-
Expected credit loss allowance (ECL) (iii)	(1,834)	1,834	-

## Notes to the interim condensed consolidated financial statements (continued)

(All amounts in Saudi Riyals '000 unless otherwise stated)

### 18. Reclassification in comparative numbers (continued)

- (i) The Group has reclassified the costs associated with the performance obligation related to transportation revenue from 'Selling and distribution expenses' to 'Cost of sales' resulting in a reclassification of Saudi Riyals 366 million for the six -month period ended 30 June 2022 (three-month period: Saudi Riyals 214 million) in the comparative interim condensed consolidated statement of income and other comprehensive income
- (ii) The Group reclassified the research and development expenses amounting to Saudi Riyals 27.2 million for the six -month period ended 30 June 2022 (three-month period: reversal of Saudi Riyals (35.6) million) from 'General and administrative expense' into a separate line 'Research and development expense' on the face of the comparative interim condensed consolidated statement of income and other comprehensive income in order to provide more transparent presentation and to align with industry best practices in terms of visibility of the Group's effort on research, development and sustainability respective expenses.
- (iii) As part of the IASB Primary Financial Statements project, 'other operating income and expense was identified as subject to different interpretations. In accordance with international practice and based on the Group's reassessment, 'other operating income and expense' amounting to 0.22 million for the six -month period ended 30 June 2022 (three-month period Saudi Riyals 7.9 million), have been categorized as operating activities and presented within 'income from operations' in the comparative interim condensed consolidated statement of income and other comprehensive income. Further, the expense related to 'Expected credit loss allowance' (ECL) amounting to Saudi Riyals 3.05 million for the six -month period ended 30 June 2022 (three-month period Saudi Riyals 1.8 million) has been categorized as operating activities and presented within 'income from operations' as well in the comparative interim condensed consolidated statement of income and other comprehensive income.
- (iv) The Group offers savings plans to its employees based in KSA. Employee contributions to the plan are made to dedicated bank accounts managed by the Group. As these cash balances do not meet the definition of plan assets under IAS 19 'Employee Benefits', the Group had reclassified the cash balances and related employee saving obligations and presented them on a gross basis as current asset and current liability in the balances as of 30 June 2022 and 01 January 2022 which are not presented as comparative figures in these interim condensed consolidated financial statements but have an impact on the comparative interim condensed statement of cash flow for six-month period ended 30 June 2022. The cash balance which required reclassification amounts to Saudi Riyals 81 million and the liability which required reclassification to current liabilities amounts to Saudi Riyals 126.8 million as at 30 June 2023. The movement of these balances from 01 January 2022 to 30 June 2022 which is impacting the interim condensed consolidated statement of cash flow is disclosed in the note above.
- (v) The Group reclassified the change in other assets and receivables (non-current portion) and finance income received amounting to Saudi Riyals 54 million and 31 million, respectively, from investing to operating activities in the comparative interim condensed consolidated statement of cash flows. The reclassification has a total net increase of Saudi Riyals 85.3 million in the net cash from operating activities.

### 19. Other information

On 28 Dhul Hijah 1443H (corresponding to 27 July 2022), the Company and Saudi Agricultural and Livestock Investment Company (SALIC) had signed a Memorandum of Understanding to jointly explore global commercial and innovation opportunities to help ensure food security and address growing environmental challenges. There is no impact on the interim condensed consolidated financial statements of the Group as of 30 June 2023.