

**National Gas and Industrialization Company  
(A Saudi Joint Stock Company)**

**INTERIM CONDENSED FINANCIAL STATEMENTS AND AUDITORS'  
REVIEW REPORT**

**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**

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**Independent auditors' review report on the interim condensed financial statements to the shareholders of National Gas and Industrialization Company (A Saudi Joint Stock Company)**

**Introduction**

We have reviewed the accompanying interim condensed statement of financial position of National Gas and Industrialization Company (A Saudi Joint Stock Company) ("the Company") as at 31 March 2021 and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the three months 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 financial statements based on our review.

**Scope of Review**

Except as described in the following paragraph, 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.

**Basis for Qualified Conclusion**

Included in accrued expenses and other current liabilities is an unapplied collection account of SR 27.4 million (31 December 2020: SR 27.4 million). During 2020, the Company discovered that certain transactions totaling SR 25.7 million related to embezzlement transactions committed by a former employee, were routed through this account. These transactions were reversed as at 31 December 2020. Due to lack of information, other transactions in this account could not be traced and the closing balance not reconciled as at 31 March 2021. We were unable to satisfy ourselves with respect to the existence and completeness of this account, nor were we able to perform other alternative procedures. Accordingly, we are unable to determine if any adjustments may have been necessary on the balances as at 31 March 2021 and the results of operations for the period then ended and to the respective comparative figures.

**Independent auditors' review report on the interim condensed financial statements to the shareholders of National Gas and Industrialization Company  
(A Saudi Joint Stock Company) - (continued)**

**Qualified Conclusion**

Based on our review, and except for any adjustments to the interim condensed financial statements that we might have become aware of had it not been for the matter described in the "Basis for Qualified Conclusion" section, 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 Matters**

The interim condensed financial statements of the Company for the period ended 31 March 2020 have been reviewed by another independent auditor who has issued an unmodified conclusion on those financial statements on 12 Shawwal 1441H (Corresponding to 4 June 2020).

for Ernst & Young



Abdulaziz A. Al-Sowailim  
Certified Public Accountant  
License No. (277)



Riyadh: 14 Shawwal 1442H  
(26 May 2021)

**National Gas and Industrialization Company**  
**(A Saudi Joint Stock Company)**

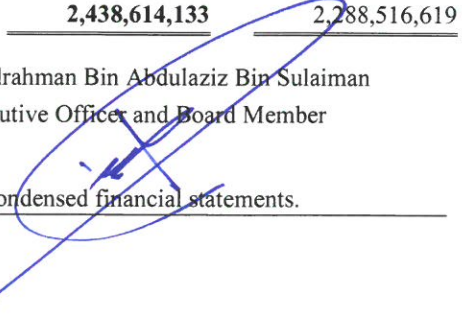
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT 31 MARCH 2021**

	Note	31 March 2021 (Unaudited) SR	31 December 2020 (Audited) SR
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	642,176,440	633,521,175
Intangible assets		30,654,397	32,895,035
Investment properties		34,353,174	34,353,174
Right-of-use assets		2,886,875	3,401,454
Investments in associates	5	79,825,760	80,270,034
Financial assets held at FVOCI		679,559,469	665,158,145
Financial assets held at amortised cost		30,000,000	30,000,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,499,456,115</b>	<b>1,479,599,017</b>
<b>CURRENT ASSETS</b>			
Financial assets held at FVTPL		289,059,745	279,498,455
Inventories, net		150,792,238	157,748,632
Accounts receivable, net	7	40,221,304	45,481,461
Prepayments and other current assets		57,056,825	49,077,895
Cash and cash equivalents	8	402,027,906	277,111,159
<b>TOTAL CURRENT ASSETS</b>		<b>939,158,018</b>	<b>808,917,602</b>
<b>TOTAL ASSETS</b>		<b>2,438,614,133</b>	<b>2,288,516,619</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		750,000,000	750,000,000
Statutory reserve		225,000,000	225,000,000
Retained earnings		133,942,861	44,448,445
Unrealized gains from investments at FVTOCI		560,359,975	545,958,651
<b>TOTAL EQUITY</b>		<b>1,669,302,836</b>	<b>1,565,407,096</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Term loan	9	127,878,673	143,641,682
Lease liabilities		2,301,671	2,241,877
Employees defined benefits liabilities	10	144,833,395	156,481,393
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>275,013,739</b>	<b>302,364,952</b>
<b>CURRENT LIABILITIES</b>			
Trade payables		199,196,841	111,055,415
Lease liabilities - current portion		1,832,770	2,308,953
Accrued expenses and other current liabilities	11	171,751,823	190,077,960
Term loan – current portion	9	34,000,000	32,000,000
Zakat provision	12	87,516,124	85,302,243
<b>TOTAL CURRENT LIABILITIES</b>		<b>494,297,558</b>	<b>420,744,571</b>
<b>TOTAL LIABILITIES</b>		<b>769,311,297</b>	<b>723,109,523</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,438,614,133</b>	<b>2,288,516,619</b>

Mr. Majed Ahmed Qwaider  
Chief Financial Officer



Eng. Abdulrahman Bin Abdulaziz Bin Sulaiman  
Chief Executive Officer and Board Member



The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

**National Gas and Industrialization Company**  
**(A Saudi Joint Stock Company)**

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

		<i>For the three months period ended 31 March 2021</i>	<i>For the three months period ended 31 March 2020 (Restated, note 18)</i>
	<i>Note</i>	<i>SR</i>	<i>SR</i>
Revenues	13	511,081,828	528,640,329
Cost of revenues		(434,764,767)	(454,602,529)
<b>GROSS PROFIT</b>		<b>76,317,061</b>	<b>74,037,800</b>
<b>EXPENSES</b>			
Selling and distribution		(21,536,221)	(21,010,862)
General and administrative		(20,832,859)	(26,635,235)
<b>TOTAL EXPENSES</b>		<b>(42,369,080)</b>	<b>(47,646,097)</b>
<b>OPERATING INCOME</b>		<b>33,947,981</b>	<b>26,391,703</b>
Share in results of associates, net	5	5,330,726	651,910
Income (loss) from investments, net	14	48,689,930	(9,925,688)
Finance charges		(1,731,103)	(342,288)
Other income, net		1,167,093	144,512
<b>INCOME BEFORE ZAKAT</b>		<b>87,404,627</b>	<b>16,920,149</b>
Zakat	12	(2,213,881)	(2,243,006)
<b>NET INCOME FOR THE PERIOD</b>		<b>85,190,746</b>	<b>14,677,143</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:</i>			
Actuarial gain (losses) on employees defined benefits liabilities	10	4,303,670	(777,412)
Change in fair value of investments in financial assets through other comprehensive income		14,401,324	(67,890,500)
<b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>		<b>18,704,994</b>	<b>(68,667,912)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>		<b>103,895,740</b>	<b>(53,990,769)</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share	15	1.14	0.20
Weighted average number of outstanding shares		75,000,000	75,000,000

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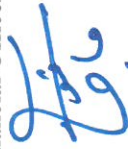


**National Gas and Industrialization Company**  
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**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

	Share capital SR	Statutory reserve SR	Retained earnings/ (accumulated losses) SR	Unrealized gain on investments in equity instruments at fair value through other comprehensive income SR	Total SR
Balance at 1 January 2021 (Audited)	750,000,000	225,000,000	44,448,445	545,958,651	1,565,407,096
Net income for the period	-	-	85,190,746	-	85,190,746
Other comprehensive income	-	-	4,303,670	14,401,324	18,704,994
Total comprehensive income for the period	-	-	89,494,416	14,401,324	103,895,740
<b>Balance as at 31 March 2021 (Unaudited)</b>	<b>750,000,000</b>	<b>225,000,000</b>	<b>133,942,861</b>	<b>560,359,975</b>	<b>1,669,302,836</b>
Balance at 1 January 2020	750,000,000	270,551,265	(103,895,567)	679,453,239	1,596,108,937
Net income for the period (Restated, note 18)	-	-	14,677,143	-	14,677,143
Other comprehensive loss (Restated, note 18)	-	-	(777,412)	(67,890,500)	(68,667,912)
Total comprehensive income for the period (Restated, note 18)	-	-	13,899,731	(67,890,500)	(53,990,769)
<b>Balance at 31 March 2020 (Unaudited, restated)</b>	<b>750,000,000</b>	<b>270,551,265</b>	<b>(89,995,836)</b>	<b>611,562,739</b>	<b>1,542,118,168</b>

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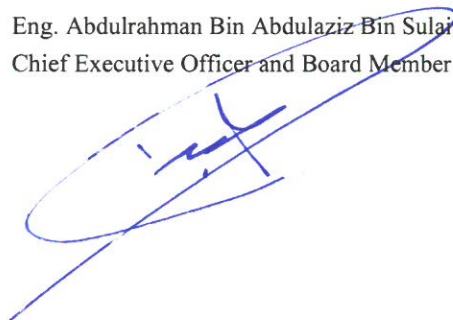
**INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>SR</b>	<b>(Restated, note 18)</b>
		<b>SR</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before zakat	<b>87,404,627</b>	16,920,149
<b>Adjustments to reconcile income before zakat to net cash generated from operating activities:</b>		
Depreciation of property, plant and equipment	<b>20,975,604</b>	22,355,634
Amortization of intangible assets	<b>2,240,638</b>	1,627,647
Depreciation of right-of-use assets	<b>514,579</b>	514,584
Interest of lease liabilities	<b>62,111</b>	95,696
Share in results of associates	<b>(5,330,726)</b>	(651,910)
(Gain) / loss on disposal of property, plant and equipment	<b>(247,266)</b>	6,545
Reversal of provision for expected credit losses	<b>-</b>	(2,374,599)
Provision for employees defined benefits liabilities	<b>3,393,236</b>	4,956,581
Amortization of prepaid upfront fees on term loan	<b>1,236,992</b>	246,592
Follow up fees of term loan	<b>432,000</b>	-
Reversal of provision for slow moving inventory	<b>-</b>	(808,301)
Change in fair value of investments at FVTPL	<b>(9,561,290)</b>	14,519,224
Dividends received from investments at FVTOCI	<b>(34,030,649)</b>	(162,896)
<b>Changes in working capital:</b>		
Inventories	<b>6,956,393</b>	2,205,927
Accounts receivable	<b>5,260,157</b>	(12,172,430)
Prepayments and other current assets	<b>(7,978,930)</b>	17,998,795
Trade payables	<b>88,141,427</b>	(9,847,243)
Accrued expenses and other current liabilities	<b>(20,206,341)</b>	109,765,772
<b>Cash generated from operations</b>	<b>139,262,562</b>	165,195,767
Employees defined benefits liabilities paid	<b>(8,857,360)</b>	(4,703,563)
<b>Net cash from operating activities</b>	<b>130,405,202</b>	160,492,204

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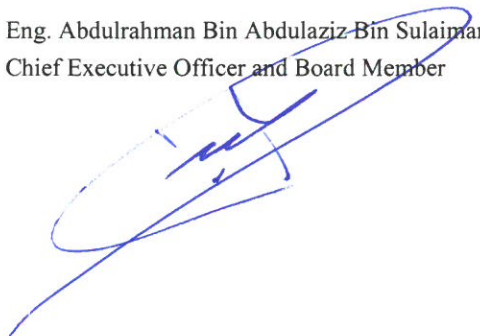
**INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (CONTINUED)**

	<i>31 March 2021</i> <i>SR</i>	<i>31 March 2020</i> <i>(Restated, note 18)</i> <i>SR</i>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions of property, plant and equipment	(29,631,904)	(39,454,050)
Proceeds from disposal of property, plant and equipment	248,300	-
Dividends received from associates	5,775,000	-
Dividends received from investments at FVTOCI	34,030,649	162,896
<b>Net cash from (used in) investing activities</b>	<b>10,422,045</b>	<b>(39,291,154)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease liabilities paid	(478,500)	(478,500)
Proceeds from term loan	-	85,300,000
Repayments of term loan	(15,000,000)	-
Follow up fees on term loan	(432,000)	-
<b>Net cash (used in) from financing activities</b>	<b>(15,910,500)</b>	<b>84,821,500</b>
<b>Net increase in cash and cash equivalents</b>	<b>124,916,747</b>	<b>206,022,550</b>
Cash and cash equivalents at the beginning of the period	277,111,159	157,609,810
<b>Cash and cash equivalents at the end of the period</b>	<b>402,027,906</b>	<b>363,632,360</b>
<b>ADDITIONAL NON-CASH TRANSACTIONS:</b>		
Change in fair value of investments in financial assets at fair value through other comprehensive income	14,401,324	(67,890,500)
Actuarial gain (losses) from remeasurement of employees defined benefit liabilities	4,303,670	(777,412)
Employees defined benefits liabilities transferred to accrued expenses	1,880,204	-

Mr. Majed Ahmed Qwaider  
Chief Financial Officer



Eng. Abdulrahman Bin Abdulaziz Bin Sulaiman  
Chief Executive Officer and Board Member



The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

# National Gas and Industrialization Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

### 1. CORPORATE INFORMATION

National Gas and Industrialization Company (the "Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010002664 dated 22 Rajab 1383H (corresponding to 9 December 1963). The share capital of the Company amounts to SR 750 million and is divided into 75 million shares of SR 10 each. As at 31 March 2021, the Public Investment Fund owns 10.91% (31 March 2020: 10.91%), Mr. Abdulaziz Abdulrahman Al-Mohsen owns 6.66% (31 March 2020: 6.66%) of the total Company shares, and the remaining shares are publicly traded.

The Company was established in accordance with the Royal Decree No. 713 dated 03/12/1380H to merge the Saudi Gas and Manufacturing Company and National Gas Company with the approval of the General Assembly of both companies, and under the letter of H.H. the Minister of Commerce No. 2843/H dated 01/01/1381H, and the actual merge commenced in 1383H. Later to this date on 13/06/1384H, the Council of Ministers Decree No. 820 was issued by merging all the entities involved in gas activities in the Kingdom of Saudi Arabia into the National Gas and Industrialization Company. The Council of Ministers resolution No. 1615 dated 14/11/1395H determined the Company's share capital and the commencement of its activities on 01/01/1396H under the industrial license issued by the Ministry of Industry and Electricity No. 659/S dated 09/07/1417H (corresponding to 20 November 1996).

The activities of the Company include carrying out all work related to the exploitation, manufacture and marketing of gas of all kinds and its derivatives and industrial gases inside and outside the Kingdom of Saudi Arabia, selling, manufacturing and maintaining cages, cylinders, tanks and accessories, maintenance of gas networks and accessories, carrying out all work related to the manufacture, transport and marketing of petroleum, chemical, petrochemical and glass products, establishment or participation in the production of energy, water treatment and environmental services, in addition to the acquisition of real estate and purchase of land for the construction of buildings thereon and investing it through sale or lease in favor of the Company.

The registered address of the Company is P.O. Box 564, Riyadh 11421, Kingdom of Saudi Arabia.

*The Company has the following branches:*

<i>Branch</i>	<i>Commercial registration number</i>	<i>Issuing date</i>
1- Riyadh	1010429687	23/03/1436 H
2- Dammam	2050001551	07/08/1383 H
3- Buraidah	1131004089	06/04/1402 H
4- Al-Madinah al-Munawwarah	365006707	18/03/1402 H
5- Jeddah	4030032503	19/02/1402 H
6- Yanbu	4700003177	07/08/1409 H
7- Khamis Mushait	5855004366	25/12/1402 H
8- Taif	4032007367	20/09/1402 H

The assets, liabilities and results of operations of these branches are included in these interim condensed financial statements.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

These interim condensed financial statements for the three months period ended 31 March 2021 were prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia and other standards and publications approved by the Saudi Organization for Chartered and Professional Accountants.

The interim condensed financial statements are presented in Saudi Riyals, which represents the Company's functional currency.

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and they must be read in conjunction with the Company's audited financial statements for the year ended 31 December 2020. In addition, the results for the three-month period ended 31 March 2021, are not an accurate indication of the results that can be expected for the fiscal year ending 31 December 2021.

**National Gas and Industrialization Company**  
**(A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (CONTINUED)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.1 Basis of preparation (Continued)**

**Judgments, Estimates and Assumptions**

Preparing the interim condensed financial statements requires management to use certain judgments, estimates and assumptions that affect the application of accounting policies and the amounts presented for assets and liabilities, revenues and expenses. Actual results may differ from these estimates. The significant judgments taken by management in applying the Company's accounting policies and the main sources of uncertainty estimates are the same as those applied to the annual financial statements for the year ended 31 December 2020.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied during the preparation of these interim condensed financial statements are the same policies applied during the preparation of the annual financial statements of the Company for the year ended 31 December 2020.

There are no new standards or interpretation with application date effective on 1 January 2021. There are amendments to the standards that come into effect at 1 January 2021, but they do not have any material impact on the Company's interim condensed financial statements.

**4. PROPERTY, PLANT AND EQUIPMENT**

- a) Land includes two plots of land with value of SR 2.7 million (31 December 2020: SR 2.7 million) that have been mortgaged to the Saudi Industrial Development Fund (SIDF) (note 9).
- b) Included in property, plant and equipment capital work in progress amounted to SR 200.7 million (31 December 2020: SR 191.7 million) which mainly represents projects to develop the Company's stations and its capacity and also to develop production lines in accordance with the Company's needs and the public safety requirements.

**5. INVESTMENTS IN ASSOCIATES**

Investments in associates comprise the following:

	<i>Ownership percentage</i>	<b>31 March 2021 (Unaudited) SR</b>	<b>31 December 2020 (Audited) SR</b>
Saudi Gas Cylinder Factory Company	37.57%	<b>32,313,643</b>	30,587,628
Natural Gas Distribution Company	35%	<b>19,116,357</b>	19,700,076
East Gas Company	35%	<b>28,395,760</b>	29,982,330
		<b>79,825,760</b>	<b>80,270,034</b>

The movement of investments in associates is as follows:

	<b>31 March 2021 (Unaudited) SR</b>	<b>31 December 2020 (Audited) SR</b>
At the beginning of the period/year	<b>80,270,034</b>	79,289,237
Share in results of investments in associates	<b>5,330,726</b>	6,516,288
Dividends received	<b>(5,775,000)</b>	(5,535,491)
At the end of the period/year	<b>79,825,760</b>	<b>80,270,034</b>

**National Gas and Industrialization Company**  
**(A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (CONTINUED)**

**5. INVESTMENTS IN ASSOCIATES (continued)**

The share in the results of associates comprises the following:

	<b>31 March 2021</b> <b>(Unaudited)</b> <b>SR</b>	<b>31 December 2020</b> <b>(Audited)</b> <b>SR</b>
Saudi Gas Cylinders Factory Company	<b>1,726,014</b>	170,786
Natural Gas Distribution Company	<b>291,282</b>	1,600,046
East Gas Company Limited	<b>3,313,430</b>	4,745,456
	<b>5,330,726</b>	6,516,288

**6. INVESTMENT IN A SUBSIDIARY**

During the current period, the Company established a subsidiary Company which is 100% owned under the name of Gas Solutions Company (Owned by One Person) (a limited liability company) with a capital of SR 5 million, registered in Riyadh, Kingdom of Saudi Arabia. The subsidiary company is specialized in establishing, building and maintenance of liquefied petroleum gas (LPG) networks and tanks, developing LPG products and solution. The capital is paid subsequent to period end date and the subsidiary company has not commenced its operations yet.

**7. ACCOUNTS RECEIVABLE, NET**

	<b>31 March 2021</b> <b>(Unaudited)</b> <b>SR</b>	<b>31 December 2020</b> <b>(Audited)</b> <b>SR</b>
Trade receivables	<b>51,548,785</b>	51,618,322
Non-trade receivables	<b>4,794,253</b>	9,984,873
Total	<b>56,343,038</b>	61,603,195
Provision for expected credit losses	<b>(16,121,734)</b>	(16,121,734)
	<b>40,221,304</b>	45,481,461

**8. CASH AND CASH EQUIVALENTS**

	<b>31 March 2021</b> <b>(Unaudited)</b> <b>SR</b>	<b>31 December 2020</b> <b>(Audited)</b> <b>SR</b>
Balances at banks	<b>102,027,906</b>	177,111,159
Short-term Murabaha time deposits	<b>300,000,000</b>	100,000,000
	<b>402,027,906</b>	277,111,159

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earn commission at the respective short-term deposit rates

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (CONTINUED)**

**9. TERM LOAN**

	<b>31 March 2021</b> <b>(Unaudited)</b> <b>SR</b>	<b>31 December 2020</b> <b>(Audited)</b> <b>SR</b>
Principal amount due	<b>173,000,000</b>	188,000,000
Less: un-amortized portion of transaction cost	<b>(11,121,327)</b>	(12,358,318)
<b>Net amount due</b>	<b>161,878,673</b>	175,641,682
Less: current- portion	<b>(34,000,000)</b>	(32,000,000)
The non-current portion	<b>127,878,673</b>	143,641,682

On 17 Muharram 1440 H (corresponding to 27 September 2018), the Company signed an agreement to obtain a loan from Saudi Industrial Development Fund (SIDF) amounting to SR 203 million. The loan is for the purpose of developing the filling plants and distribution of gas in all regions with a production capacity of 1,648 thousand tons in all branches of the Company. The terms of the loan span over a tenure of 5 years. The loan is non-interest-bearing but carry only an upfront fee amount of SR 16.2 million that was paid at the start of the loan and also transaction costs relating to follow-up charges which is paid on semi-annual basis over the term of the loan. Further, this loan carries certain conditions / covenants; such as maintaining required current asset ratios during the term of the loan, a specific ratio of liabilities to net tangible value and amount spent yearly on capital expenditures. The agreement also contains undertakings pledges of seven plots of land with a cost of SR 17.6 million; of which the Company has pledged 2 plots as at the reporting period (note 4).

During 2020, the Company received the full of financing in the amount of SR 186.8 million, after deduction of upfront fees of SR 16.2 million, according to the contract agreement. The repayment of the financing has been scheduled in ten semi-annual unequal installments starting from 15 Safar 1442H (corresponding to 2 October 2020). Also, during 2020, the Company completed the pledge of two lands to the SIDF (note 4), and the process of pledging the remaining five plots of lands is in under process.

**10. EMPLOYEES DEFINED BENEFITS LIABILITIES**

	<b>31 March 2021</b> <b>(Unaudited)</b> <b>SR</b>	<b>31 December 2020</b> <b>(Audited)</b> <b>SR</b>
At the beginning of the period/year	<b>156,481,393</b>	203,601,753
Current service cost	<b>2,602,345</b>	11,774,419
Finance charge	<b>790,891</b>	5,762,346
Paid during the period/year	<b>(8,857,360)</b>	(39,511,203)
Re-measurements (gain) / loss on employees defined benefit liabilities	<b>(4,303,670)</b>	13,779,392
Transfer to accrued employees' benefits	<b>(1,880,204)</b>	(38,925,314)
At the end of the period/year	<b>144,833,395</b>	156,481,393

The most recent actuarial valuation was performed by an independent, qualified actuary using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	<b>31 March 2021</b> <b>(Unaudited)</b> <b>SR</b>	<b>31 December 2020</b> <b>(Audited)</b> <b>SR</b>
Discount rate	<b>2.1%</b>	2.1%
Future salary increases	<b>4.5%</b>	4.5%
Retirement age	<b>60</b>	60

All movements in the employee defined benefit liabilities are recognized in profit or loss except for the actuarial gain or loss which is recognized in other comprehensive income.



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**10. EMPLOYEES DEFINED BENEFITS LIABILITIES (continued)**

Sensitivity analysis

The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.:

	<b>31 March 2021</b> <b>(Unaudited)</b> <b>SR</b>	<b>31 December 2020</b> <b>(Audited)</b> <b>SR</b>
<b>Discount rate</b>		
Increase 1%	<b>136,436,000</b>	146,054,000
Decrease 1 %	<b>154,625,000</b>	169,732,000
<b>The future increase in the salaries</b>		
Increase 1%	<b>154,626,000</b>	169,256,000
Decrease 1%	<b>136,238,000</b>	146,256,000

**11. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	<b>31 March 2021</b> <b>(Unaudited)</b> <b>SR</b>	<b>31 December 2020</b> <b>(Audited)</b> <b>SR</b>
Accrued employees' benefits (note (a) below)	<b>28,271,677</b>	53,049,848
Dividends payable	<b>38,833,989</b>	39,161,121
Advance from customers	<b>35,620,639</b>	35,726,711
Unapplied cash receipts (note (b) below)	<b>27,389,468</b>	27,389,468
Accrued expenses	<b>32,140,444</b>	25,107,716
Board of Directors and committees' remunerations	<b>4,025,000</b>	3,275,000
Cash deposits from customers	<b>3,057,400</b>	3,164,700
Others	<b>2,413,206</b>	3,203,396
	<b>171,751,823</b>	190,077,960

- a) The above balance included balance related to Early Retirement Plan of SR 3.2 million as at 31 March 2021 (31 December 2020: SR 12.1 million), established by the Company's Board of Directors during 2020. The plan costs are provided for in accordance with the Company's employee benefit policies which is based mainly on the current salary, actual years of service and the years of service until the normal retirement age. As the termination benefits are expected to be fully settled before twelve months after the end of the reporting period in which the termination benefit is recognized, the Company has applied the requirements for short-term employee benefits. The provision is accounted for once the approval is made by the employee for the plan.
- b) The above account represents cash received from various customers, mainly collections from customers for purchases of gas tanks, other products and other transactions. This account consists of amounts that have been outstanding for several years, which have not been claimed by respective customers. The Company has adopted a new policy that any outstanding amounts for 3 years and above will be reversed to income, if not been claimed. Also, the embezzlement that took place in prior years, was mainly routed through this account besides other accounts, but there is an amount of SR 1.7 million is not related to this account.

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**12. ZAKAT PAYABLE**

*Status of assessments*

The Company obtained final assessment for zakat until the end of the year 2004.

*2005 to 2007 status*

The Zakat, Tax and Customs Authority ("ZATCA") issued the final zakat assessment for the years from 2005 to 2007, which resulted in an additional amount of SR 39 million. The Company has objected on the assessment with the relevant appeal committee. The objection is not finalized yet as of reporting date, and the Company submitted a bank guarantee to the ZATCA of SR 39 million in this regard (note 16).

*2008 to 2010 status*

During 2019, the Company reached a settlement and paid ZATCA, for the assessments of the years 2008 to 2010 amount of SR 27 million.

*2011 to 2013 status*

The Company did not receive the zakat assessments for the years 2011 until 2013.

*2014 to 2018 status*

During 2020, the Company received Zakat assessments for the years from 2014 to 2018, which resulted in an additional amount of SR 40 million. where the Company has objected on the assessment with the relevant appeal committee. The objection is not yet finalized

*2019 and 2020 status*

The Company has submitted its zakat returns for the years 2019 and 2020, and the assessments have not yet been raised by ZATCA.

**13. REVENUES**

	<b>31 March 2021 (Unaudited) SR</b>	<b>31 March 2020 (Unaudited) SR</b>
Gas sales	<b>470,024,911</b>	492,163,280
Gas cylinders and tanks, and extension parts' sales	<b>38,640,058</b>	33,201,477
Service, transportation and installation revenue	<b>2,577,756</b>	2,375,189
Other commercial projects	<b>1,120,000</b>	1,065,411
Sales return	<b>(1,280,897)</b>	(165,028)
	<b>511,081,828</b>	528,640,329

**14. INCOME (LOSS) FROM INVESTMENTS, NET**

	<b>31 March 2021 (Unaudited) SR</b>	<b>31 March 2020 (Unaudited, restated, note 18) SR</b>
Dividends income from investment at FVOCI	<b>34,030,649</b>	162,896
Rent income from investment properties	<b>3,504,769</b>	3,511,576
Change in fair value of investments at FVTPL	<b>9,561,290</b>	(14,519,224)
Income from Sukuk and short-term Murabaha time deposits	<b>1,593,222</b>	919,064
	<b>48,689,930</b>	(9,925,688)

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**15. EARNINGS PER SHARE**

Earnings per share was calculated based on the weighted average number of shares outstanding. The diluted earnings per share is the same as the basic earnings per share, as the Company has not issued any discounted instruments as at 31 March:

	<b>31 March 2021</b> <b>(Unaudited)</b> <b>SR</b>	<b>31 March 2020</b> <b>(Unaudited, restated,</b> <b>note 18)</b> <b>SR</b>
Net income for the period	<b>85,190,746</b>	14,677,143
Weighted average number of outstanding shares	<b>75,000,000</b>	75,000,000
Basic and diluted earnings per share	<b>1.14</b>	0.20

**16. COMMITMENTS AND CONTINGENCIES**

**Legal claim contingencies**

On 7 August 2018, the Ministry of Transportation filed lawsuit against the Company regarding an explosion of the Company's tanker in Riyadh during 2012. On 22 March 2021, the Seventh Legal Department in the Court of Appeal issued the final ruling which includes the confirmation of the ruling issued by the Second Traffic Department at the General Court in Riyadh to dismiss the case against the Company.

**Other contingencies**

As mentioned in (note 12), ZATCA has raised additional amounts of SR 40 million related to zakat assessments for years from 2014 to 2018.

**Guarantees and letters of credit**

The Company has submitted a bank guarantee to ZATCA amounting to SR 39 million (31 December 2020: SR 39 million) relating to the Company's zakat assessments for the years from 2005 to 2007 (note 12).

The Company has submitted a bank guarantee to Saudi Arabian Oil Company "Saudi Aramco" amounting to SR 280 million (31 December 2020: SR 280 million) relating to the supply of petroleum products.

The Company has outstanding letters of credit as at 31 March 2021 amounting to SR 40.9 million (31 December 2020: SR 15.6 million).

**Guarantees related to an investee**

The Company also has an outstanding guarantee against a loan granted by the Saudi Industrial Development Fund in the favor of the Arabian United Float Glass Company (an investee) amounting to SR 49 million as at 31 March 2021 (31 December 2020: SR 49 million).

**Commitments**

- a) At 31 March 2021, the Company has commitments of SR 140.2 million (31 December 2020: SR 156.2 million) related to capital work in progress under property, plant and equipment and intangible assets.
- b) During the current period, the Company established a subsidiary Company which is 100% owned under the name of Gas Solutions Company (Owned by One Person) (a limited liability company) with capital of SR 5 million. The capital was paid subsequent to period end date (note 6) .

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**17. OPERATING SEGMENTS**

For management purposes, the Company is organized into business units based on its geographical regions, as follows:

<i>31 March 2021 (Unaudited)</i>	<i>Central region SR</i>	<i>Western region SR</i>	<i>Eastern region SR</i>	<i>Southern region SR</i>	<i>Total SR</i>
Revenues	188,512,081	180,304,680	81,804,726	60,460,341	511,081,828
Cost of revenues	(151,494,678)	(150,024,363)	(63,283,352)	(50,586,704)	(415,389,097)
Depreciation and amortization of assets	(5,701,473)	(9,127,647)	(2,307,455)	(1,724,516)	(18,861,091)
Depreciation of right-of-use assets	(262,655)	(140,816)	(63,889)	(47,219)	(514,579)
<b>Segment gross profit</b>	<b>31,053,275</b>	<b>21,011,854</b>	<b>16,150,030</b>	<b>8,101,902</b>	<b>76,317,061</b>

<i>31 March 2020 (Unaudited, restated, note 18)</i>	<i>Central region SR</i>	<i>Western region SR</i>	<i>Eastern region SR</i>	<i>Southern region SR</i>	<i>Total SR</i>
Revenues	190,668,176	188,984,458	87,369,905	61,617,790	528,640,329
Cost of revenues	(154,226,863)	(157,293,595)	(70,317,291)	(52,603,608)	(434,441,357)
Depreciation and amortization of assets	(5,856,454)	(9,499,204)	(2,446,163)	(1,844,767)	(19,646,588)
Depreciation of right-of-use assets	(260,504)	(142,074)	(65,683)	(46,323)	(514,584)
<b>Segment gross profit</b>	<b>30,324,355</b>	<b>22,049,585</b>	<b>14,540,768</b>	<b>7,123,092</b>	<b>74,037,800</b>

The top management of the Company monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the interim condensed financial statements. Also, the Company's other costs (including finance costs, salaries and benefits of the management, directors, finance and IT departments, legal and HR departments, administrative and support department, other expenses and other income) and Zakat are managed on a Company basis and are not allocated to operating segments.

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**18. RESTATEMENT AND RECLASSIFICATIONS**

During the year ended 31 December 2020, the management has identified certain errors, and as required by IAS 8: "Accounting policies, changes in accounting estimate and errors", the correction of errors mentioned below has resulted in retrospective adjustments to the comparative figures as of 31 March 2020. In addition, there were certain reclassifications. Below is summary of restatements and reclassifications:

**18.1 Statement of comprehensive income for the period ended 31 March 2020**

Based on the adjustments and the impact of reclassifications, the interim condensed statement of comprehensive income for the three months period ended 31 March 2020 has been adjusted as follows:

	<i>Note</i>	<i>Amounts as previously reported SR</i>	<i>Reclassification SR</i>	<i>Adjustment SR</i>	<i>Restated amounts SR</i>
Cost of revenues	c,d,e,g	(450,561,093)	(3,511,171)	(530,265)	<b>(454,602,529)</b>
Selling and distribution expenses		(20,493,541)	(517,321)	-	<b>(21,010,862)</b>
General and administrative expenses	a,g	(23,711,815)	1,076,580	(4,000,000)	<b>(26,635,235)</b>
Loss on disposal and replacement of gas cylinders and other adjustments	g	(2,772,142)	2,772,142	-	
(Loss) income from investments, net	b	4,593,525	-	(14,519,213)	<b>(9,925,688)</b>
Financial charges	d,f,g	(865,684)	237,567	285,829	<b>(342,288)</b>
Other income, net	g	202,309	(57,797)	-	<b>144,512</b>
<b>NET INCOME FOR THE PERIOD</b>		<b>33,440,792</b>	<b>-</b>	<b>(18,763,649)</b>	<b>14,677,143</b>
<b>Other Comprehensive sloss:</b>					
Change in fair value of investments in equity instruments through other comprehensive income	b	(82,409,713)	-	14,519,213	<b>(67,890,500)</b>
<b>Total comprehensive loss for the period</b>		<b>(49,746,333)</b>	<b>-</b>	<b>(4,244,436)</b>	<b>(53,990,769)</b>



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**18. RESTATEMENT AND RECLASSIFICATIONS (CONTINUED)**

**18.2 Restatement to the statement of cash flows for the period ended 31 March 2020**

Based on the adjustments and reclassifications above, the statement of cash flow for the period ended 31 March 2020 has been adjusted as follows:

	<i>As previously reported</i> SR	<i>Adjustment</i> SR	<i>Restated</i> SR
Net cash generated from operating activities	128,782,940	31,709,264	160,492,204
Net cash generated from investing activities	(7,581,890)	(31,709,264)	(39,291,154)
Net cash used in financing activities	84,821,500	-	84,821,500

**18.3 Impact on basic and diluted earnings per share (EPS) (increase/(decrease) in EPS)**

Based on the adjustments above, the basic and diluted earnings per share for period ended 31 March 2020 has been adjusted as follows:

	<i>As previously reported</i> SR	<i>Adjustment</i> SR	<i>Restated</i> SR
Earnings per share	0.55	(0.35)	0.20
Basic and diluted earnings per share	0.55	(0.35)	0.20
Earnings per share from operations	0.45	(0.10)	0.35

**18.4 Details of restatement and reclassifications**

- (a) On 1 Dhul-Hijjah 1441H (corresponding to 22 July 2020), the Company's management discovered an embezzlement conducted by a former employee, who has since been terminated by the Company, and took place over a number of years. The total value of the identified transactions is SR 34.2 million, out of which, an amount of SR 4 million was recorded in the period ended 31 March 2020 statement of comprehensive income.
- (b) The Company noted that certain trading securities and debt instruments were classified as investments held at FVTOCI. The management re-assessed the classifications of all investments held at FVTOCI, in accordance with requirements of IFRS 9. As a result, the management reclassified these investments from investments at FVOCI to investments held at FVTPL.  
  
As result of this re-classification, the related losses from valuation of the fair value of these investments amounted to SR 14.5 million have been adjusted from unrealized losses from investments held at FVTOCI to profit and loss.
- (c) The Company noted that right of use assets and liabilities were not recorded for renewal of a contract which took place in 2019. Therefore, the Company has adjusted the right of use assets and lease liabilities in 2019, amounted to SR 4.8 million and recorded the related depreciation and finance charges. As result of this adjustment, the net income for the period ended 31 March 2020 was decreased by SR 469.4 thousand.
- (d) The Company noted that the decommissioning expenses related to rented land is not accounted for in line with IAS 16 and IAS 37. The management assessed the decommission cost and recorded amount SR 400,000 as addition to the cost of the assets and decommissioning liabilities. As a result, the net income for the period ended 31 March 2020 was decreased by SR 28.5 thousand.

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**18. RESTATEMENT AND RECLASSIFICATIONS (CONTINUED)**

**18.4 Details of restatement and reclassifications (continued)**

- (e) The Company noted that the depreciation of the assets related to a leased space for a branch was calculated based on the useful life of the assets rather than the shorter of the useful life of the asset and the rent contract end date. As the contract is not renewable, the management adjusted the depreciation calculation for the related assets which resulted in increase of the depreciation expenses for the period ended 31 March 2020 by SR 104.3 thousand . The net income for the period ended 31 March 2020 decreased by SR 104.3 thousand.
- (f) The Company noted the finance charges calculated on the loan from Saudi Industrial Development Fund was overstated by SR 357.8 thousand, as result of this adjustment, the net income for the period ended 31 March 2020 was increased by SR 357.8 thousand.
- (g) The Company has made the following reclassifications:
- The Company reclassified the provision and proceeds related to disposal of gas cylinders between cost of revenue (SR 2.7 million) and other income (SR 57.8 thousand).
  - The Company classified bank charges amounted to SR 240 thousand from finance charges to general and administrative expenses.
  - The Company reclassified the cost of the amortization of intangible assets between cost of revenues, selling and distribution and general and administrative expenses, as result of this reclassification the cost of revenues and selling and distribution expenses were increased by SR 739 thousand and SR 517 thousand, respectively, and the general and administrative expenses was decreased by SR 1.3 million.

**19. IMPACT OF COVID-19**

A novel strain of coronavirus (COVID-19) (“the virus”) was first identified at the end of December 2019, subsequently in March 2020 it was declared as a pandemic by the World Health Organization (WHO). The virus continued to spread throughout in nearly all regions around the world including the Kingdom of Saudi Arabia, which resulted in a slowdown of economic and social activities and shutdowns of many sectors at global and local levels.

During the fourth quarter of 2020, several vaccines which passed the testing phase effectively and began to be manufactured and distributed globally to many countries, including the Kingdom of Saudi Arabia. As of the date of preparing these interim condensed financial statements, the Company’s operations and financial results have not been impacted from the virus outbreak.

The impact of the pandemic on the Company’s operations and financial results was assessed using some judgments, estimates and assumptions that contain sources of uncertainty as it depends on several future factors and developments that cannot be reliably forecasted.

**20. EVENTS SUBSEQUENT TO THE REPORTING DATE**

On 27 April 2021, the Board of Directors has recommended the distribution of cash dividends to the shareholders for the year ended 31 December 2020 of SR 37.5 million (SR 0.5/ share). This distribution is subject to shareholders approval in the Annual General Assembly Meeting.

In the opinion of management and other than the above mentioned, there have been no further significant subsequent events that may require adjustments on the interim condensed financial statements.

**21. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS**

The interim condensed financial statements were approved by the Audit Committee in accordance with the authorization of the Board of Directors on 8 Shawwal 1442H (corresponding to 20 May 2021).