

SAUDI ARABIAN REFINERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023
AND INDEPENDENT AUDITOR'S REVIEW REPORT

SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

Interim condensed consolidated financial statements (unaudited) for the three and nine months periods ended September 30, 2023

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**TO THE SHAREHOLDERS****SAUDI ARABIAN REFINERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
JEDDAH - SAUDI ARABIA****Introduction**

We have reviewed the interim condensed consolidated statement of financial position of Saudi Arabian Refineries Company – Saudi Joint Stock Company - ("the Company") as at September 30, 2023, the interim condensed consolidated statements of profit or loss and other comprehensive income for the three and nine months period ended on September 30, 2023, the interim condensed consolidated statements of changes in equity and the interim condensed consolidated statements of cash flows for the nine months period then ended, and summary of significant accounting policies, and the notes (1) to (22) which considered an integral part of these interim condensed consolidated financial statements.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

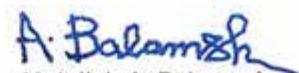
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

JEDDAH: November 5, 2023
Rabi' al Thani 21,1445 H

FOR EL SAYED EL AYOUTY & CO,


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

SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

Interim condensed consolidated statement of financial position (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

		<u>September</u> <u>30, 2023</u>	<u>December</u> <u>31, 2022</u>
	<u>Notes</u>	<u>Unaudited</u>	<u>Audited</u>
Assets			
Non-current assets			
Investments in equity instruments at fair value through other comprehensive income	5.A	367,875,119	341,405,027
Investments in associates	6	48,952,054	49,352,494
Property and equipment- net		42,485	46,775
Intangible assets – net		43,380	57,031
Total non-current assets		<u>416,913,038</u>	<u>390,861,327</u>
Current assets			
Prepaid expenses and other receivables	8	347,887	367,385
Cash and cash equivalents	10	41,311,648	54,005,474
Total current assets		<u>41,659,535</u>	<u>54,372,859</u>
Total assets		<u>458,572,573</u>	<u>445,234,186</u>
Equity and liabilities			
Equity			
Share capital	1	150,000,000	150,000,000
Statutory reserve	17	30,922,990	30,922,990
Reserve for valuation of investments in equity instruments at FVOCI	5.B	241,129,098	214,859,006
Retained earnings		30,906,280	43,238,857
Total equity		<u>452,958,368</u>	<u>438,820,853</u>
Non-current liabilities			
Employees' defined benefits obligations		100,568	47,509
Total non-Current liabilities		<u>100,568</u>	<u>47,509</u>
Current liabilities			
Due to shareholders		2,294,080	2,838,155
Accrued expenses	11	1,562,200	2,089,782
Provision for zakat	12.B	1,657,367	1,437,887
Total current liabilities		<u>5,513,637</u>	<u>6,365,824</u>
Total liabilities		<u>5,614,205</u>	<u>6,413,333</u>
Total equity and liabilities		<u>458,572,573</u>	<u>445,234,186</u>

The interim condensed consolidated financial statements shown from pages (1) to (15) were approved by the Board of Directors and signed on their behalf by:



Financial Manager
Osama Baaj



Chairman of the Board of Directors
Prince Mohammed Khalid Al Saud

The accompanying notes from (1) to (22) form an integral part of these interim condensed financial statements.

SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

Interim condensed consolidated statement of profits or losses and other comprehensive income (unaudited) for the three and nine months periods ended September 30, 2023

(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the period of three months ended in September 30,		For the period of nine months ended in September 30,	
		2023	2022	2023	2022
		Unaudited	Unaudited	Unaudited	Unaudited
Investment income	13	7,659,152	102,980	7,745,479	23,070,616
Company's share from results of investment in associates	14	(302,725)	(501,230)	(400,440)	(950,810)
Gross profit		7,356,427	(398,250)	7,345,039	22,119,806
General and administrative expenses		(1,448,089)	(515,655)	(3,285,765)	(2,285,604)
Profit of the activity		5,908,338	(913,905)	4,059,274	19,834,202
Other income		75,375	75,375	234,961	277,391
Net profit for the period before zakat		5,983,713	(838,530)	4,294,235	20,111,593
Zakat for the period	12	(753,790)	(2,302,097)	(797,135)	(2,903,347)
Zakat for prior years	12	(829,677)	-	(829,677)	-
Net profit for the period after Zakat		4,400,246	(3,140,627)	2,667,423	17,208,246
Items of other comprehensive income					
Items that will not be re-classified subsequently within profits or losses:					
Unrealized gains (losses) on the revaluation of investments in equity instruments at fair value through other comprehensive income	5.B	(42,644,611)	(86,171,117)	26,470,092	(127,714,705)
Total comprehensive income / (loss) for the period		(38,244,365)	(89,311,744)	29,137,515	(110,506,459)
Basic and diluted earnings per share of net profit for the period	15	0.29	(0.21)	0.18	1.15

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SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

Interim condensed consolidated statement of changes in equity (unaudited) for the nine months period ended September 30, 2023

(All amounts in Saudi Riyals unless otherwise stated)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Reserve for valuation of equity instruments at FVOCI</u>	<u>Retained earnings</u>	<u>Total shareholders' equity</u>
Balance as at January 01, 2022 (audited)	150,000,000	28,099,984	356,303,957	25,130,877	559,534,818
Net profit for the period	-	-	-	17,208,246	17,208,246
Other comprehensive (loss) for the period	-	-	(127,714,705)	-	(127,714,705)
Total comprehensive (loss) for the period	-	-	(127,714,705)	17,208,246	(110,506,459)
Dividends (note 16)	-	-	-	(7,500,000)	(7,500,000)
Balance as at September 30, 2022 (unaudited)	150,000,000	28,099,984	228,589,252	34,839,123	441,528,359
Balance as at January 01, 2023 (audited)	150,000,000	30,922,990	214,659,006	43,238,857	438,820,853
Net profit for the period	-	-	-	2,667,423	2,667,423
Other comprehensive income for the period	-	-	26,470,092	-	26,470,092
Total comprehensive income for the period	-	-	26,470,092	2,667,423	29,137,515
Dividends (note 16)	-	-	-	(15,000,000)	(15,000,000)
Balance as at September 30, 2023 (unaudited)	150,000,000	30,922,990	241,129,098	30,906,280	452,958,368

The interim condensed consolidated financial statements shown from pages (1) to (15) were approved by the Board of Directors and signed on their behalf by:



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Chairman of the Board of Directors
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The accompanying notes from (1) to (22) form an integral part of these interim condensed financial statements.

SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

Interim condensed consolidated statement of cash flows (unaudited) for the nine months period ended September 30, 2023

(All amounts in Saudi Riyals unless otherwise stated)

	For the nine months period ended	
	September 30	
	2023	2022
	(unaudited)	(unaudited)
Cash flows from operating activities:		
Net profit for the period before zakat	4,294,235	20,111,593
Adjustments for Net profit for the period before zakat to net cash flows from operating activities:		
Cash flows from operating activities:		
Depreciation of property and equipment	18,774	14,784
Amortization of intangible assets	13,651	10,471
Provided from employees' defined benefits obligations	53,059	74,803
Company's share from results of investment in associates	400,440	950,810
Used from provision for expected credit losses	(304,570)	-
Changes in items of operating assets and liabilities:		
Prepaid expenses and other receivables	324,068	127,746
Due to shareholders	(544,075)	192,211
Accrued expenses	(527,582)	(243,352)
Cash generated by operating activities	3,728,000	21,239,066
Employees benefits - paid	-	(536,430)
Zakat - paid	(1,407,342)	-
Net Cash flows generated by operating activities	2,320,658	20,702,636
Cash flows from investing activities:		
Additions to properties and equipment	(14,484)	(10,015)
Additions to intangible asset	-	(76,683)
Net cash flows (used in) provided by investing activities	(14,484)	(86,698)
Cash flows from financing activities:		
Dividends paid	(15,000,000)	(7,500,000)
Net Cash flows (used in) financing activities	(15,000,000)	(7,500,000)
(Decrease) / increase in cash and cash equivalents	(12,693,826)	13,115,938
Cash and cash equivalents at the beginning of the period	54,005,474	30,425,868
Cash and cash equivalents at the end of the period	41,311,648	43,541,806
Non-cash transactions:		
Unrealized profits / (losses) from investments in equity instruments at fair value through other comprehensive income	26,470,092	(127,714,705)

The interim condensed consolidated financial statements shown from pages (1) to (15) were approved by the Board of Directors and signed on their behalf by:


Financial Manager
Osama Baaj


Chairman of the Board of Directors
Prince Mohammed Khalid Al Saud

The accompanying notes from (1) to (22) form an integral part of these interim condensed financial statements.

SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements for the three and nine months periods ended September 30, 2023 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

1. General

Saudi Arabian Refineries Company - SARCO ("the company" or "the parent company") is a Saudi joint stock company registered under the commercial registration issued at Jeddah with the number 4030003334 dated March 14, 1960 (corresponding to 19 Dhu al-Hijja 1379 H).

As at September 30, 2023, the company's share capital amounted to SR 150 million (September 30, 2022: SR 150 million) divided into 15 million shares (September 30, 2022: 15 million shares) with a par value of SR 10 per share.

The company is engaged in extracting crude oil, establishing refining and petrochemical plants and refineries, dealing in securities as principal, buying and selling land and real estate, dividing them and selling activities off-plan, managing and leasing owned or leased properties (non-residential).

The present activity of the company is investing in local companies, and therefore its activity is limited to the investment sector, and it has no other business sectors.

The interim condensed consolidated financial statements include the financial statements of the company and its subsidiary mentioned below, which is headquartered in Jeddah (together referred to as the "Group"):

<u>Company</u>	<u>Country of incorporation</u>	<u>Ownership percentage</u>	
		2023	2022
Al Sadu Company for Investment	KSA	100%	100%

The company is engaged in real estate activities, financial activities, financial technology, tourism services, general construction activities, mining and quarrying activities (note 7).

The company's registered office is located at the following address:

Adham Commercial Center, Jeddah
Madinah Road
P, O, Box 1113, Jeddah 21431, Kingdom of Saudi Arabia

The current period of the company starts at January 1, 2023 and ends at September 30, 2023, The company's fiscal year starts from the beginning of January of each calendar year and ends at the end of December of the same year.

2. Basis of preparation

2.1. Statement of compliance

These Consolidated interim condensed financial statements have been prepared in accordance with IAS 34 "interim Financial Reporting" adopted in the Kingdom of Saudi Arabia (IFRS that determine the minimum of interim Financial Reporting content) and other standards and pronouncements endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA).

These interim condensed Consolidated financial statements do not include all the information and explanations required for a complete set of financial statements prepared in accordance with IFRS, and should be read in conjunction with the Company's financial statements for the year ended 31 December 2022 (last annual financial statements), Furthermore, the interim results period ended at September 30, 2023 may not be considered as an indication of expected results for the year ended December 31, 2023.

2.2. Basis of measurement

These interim condensed Consolidated financial statements have been prepared under the historical cost basis using accrual basis of accounting except for employees' defined benefit obligations which are calculated by using the expected credit unit method, and investments in equity instruments through other comprehensive income which are measured at fair value and investments in associates which are measured at equity method.

SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements for the three and nine months periods ended September 30, 2023 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

2. Basis of preparation... (Continued)

2.2. Basis of measurement... (Continued)

Furthermore, these interim condensed consolidated financial statements are prepared by using the accrual basis of accounting and the going concern principle.

2.3. Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Arabian Riyals ("SR") which is the functional and presentation currency of the company.

2.4. Going concern concept

The company has no doubt upon the group's ability to continue as a going concern, therefore, the financial statements continue to be prepared on the going concern basis.

3. Significant accounting estimates, assumptions and judgments

The preparation of these consolidated interim condensed financial statements requires management to make judgment, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and disclosure of contingent liabilities at the reporting date. Actual results may differ from these estimates.

The significant judgments and estimates used by management in applying the Company's accounting policies. Calculation methods and the key sources of uncertainty about estimation were similar to those shown in the last annual consolidated financial statements for the year ending on December 31, 2022.

Basis of consolidation

The consolidated financial statements of the Group include the financial statements of the Company and its subsidiaries set forth in Note 1. Control is achieved when the Group is exposed, or has rights to returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group is considered having control over the investee in the following cases or elements:

- Control over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure to rights in variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

The Group reassesses whether it has control over the investee if facts and circumstances indicate that there have been changes in one of the above-mentioned elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of an acquired or disposed of subsidiary during the period are included in the consolidated financial statements from the date the Group gains control until the date the control ceases.

Profits, losses and all components of other comprehensive income are attributable to the equity holders of the Parent Company of the Group and to the holders of non-controlling interests, even if this results in a deficit balance in favor of the non-controlling interest holders. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Eliminated transactions

Intra-group balances and transactions, as well as any unrealized gains or losses resulting from internal transactions between the Group's companies, are completely eliminated when preparing these consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements for the three and nine months periods ended September 30, 2023 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

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

Basis of consolidation (Continued)

Non-controlling interests

The non-controlling interests in the net assets of the consolidated subsidiaries are recognized separately from the Group's equity in the net assets. Non-controlling interests consist of the amounts of those interests that are recognized at the date of the original business combination in addition to their shares in the changes in equity in the Company that occur after the date of acquisition.

4. Changes in significant accounting policies and new standards

The accounting policies applied to these interim condensed consolidated financial statements are the same as those applied to the consolidated financial statements for the year ended December 31, 2022.

4.1. New and revised IFRS Standards that are applicable and have no significant impact on the financial statements

No new IFRS standards have been applied; however, a number of IFRS amendments are effective as of January 1, 2023 but have no significant impact on the Company's interim condensed consolidated financial statements. The following is a summary of the amendments:

Standard - Interpretation	Description	Effective date
IAS 1	Disclosure initiative: Accounting policies (IFRS Practice Statement 2 "Making Materiality Judgments")	1 January 2023
IAS 8	Amendments to "Accounting Policies" and changes in accounting estimates and errors related to definition of accounting estimates	1 January 2023
IAS 12	Amendments to "Income Taxes" of deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 17	Amendments to initial application of insurance contracts	1 January 2023

4.2. New and revised IFRS not yet effective and not applicable:

The following are standards and interpretations issued and not yet effective and not applicable as of the date of the interim condensed consolidated financial statements:

Standard - Interpretation	Description	Effective date
IAS 1	Amendments to "Presentation of Financial Statements" to clarify classification of liabilities as current or non-current	1 January 2024
IFRS 16	Amendments to the Leases Standard relating to sale and leaseback transactions and the assessment of Whether a transfer of assets is a sale.	1 January 2024

SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements for the three and nine months periods ended September 30, 2023 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

5. Investments in equity instruments at fair value through other comprehensive income

5. A. Investments in equity instruments at FVOCI represent the following:

Company name	Share market value as at		No. of shares as at		Balance as at	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Saudi Industrial Investment Group	23,76	21,98	15,194,480	15,194,480	361,020,845	333,974,670
Saudi Arabian Oil Company (Saudi Aramco)	35,00	32,10	42,931	39,029	1,502,585	1,252,831
Southern region cement company	44,10	51,00	120,666	120,666	5,321,371	6,153,966
Aqua Power Co.	195,6	152,0	155	155	30,318	23,560
					<u>367,875,119</u>	<u>341,405,027</u>

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

	As at September 30, 2023	As at December 31, 2022
Balance at beginning of the period / year	214,659,006	356,303,957
Unrealized profits / (losses) during the period / year	26,470,092	(141,644,951)
	<u>241,129,098</u>	<u>214,659,006</u>

6. Investments in associates

Investments in associates represent the followings:

Name of the company	Main business sector	Country of incorporation	Ownership percentage	As at September 30, 2023	As at December 31, 2022
6. A. Arab Company for Tanks Ltd.*	Services	KSA	27%		
Balance at the beginning of the year				49,352,494	49,378,292
Company's share from the results of investment in associate for the period / year				(400,440)	(124,784)
Company's share of the other comprehensive income of the associate				-	98,986
Balance at end of the period / year				<u>48,952,054</u>	<u>49,352,494</u>

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

6. B. Arab Company for Sulfonates Ltd.	Industrial	KSA	34%		
Balance at the beginning of the period/ year				363,006	363,006
Provision for impairment of investment				(363,006)	(363,006)
Balance at end of the period / year*				<u>-</u>	<u>-</u>
				<u>48,952,054</u>	<u>49,352,494</u>

SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements for the three and nine months periods ended September 30, 2023 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

6. Investments in associates (Continued)

- The company's board of directors resolved, in its meeting held on October 10, 2016 (corresponding to Muharram 9, 1438 H,) to authorized the legal advisor of the company to file a lawsuit against the management of the Arab Sulfonate Company Ltd, for the unfavorable results of the aforementioned company, which resulted in losses of more than half of its share capital, The lawsuit No, (1574/2 / s) for the year 1438 H filed on November 21, 2016 (corresponding to Safar 21, 1438H) and claimed the Arab Company for Sulfonate Limited to pay a compensation of SR 26,268,133 representing all the losses incurred by the company as a result of its mismanagement, and claim compensation for the losses shown in the lawsuit against the Arab Sulfonate Company Limited.
- On December 8, 2016 (corresponding to 9 Rabi' Awal 1438 H), the company received a notification of a lawsuit at the Administrative Court in Jeddah at the Second Commercial Department No(1659/2/P) raised by Mr/Sultan M, Qusai Waly Al Deen Assad (partner) in Arab Sulfonate Company Limited against Saudi Arabian Refineries Company, requesting to dissolve and liquidate the Arab Sulfonate Company Limited in accordance with the provisions of Article 181 of the Companies Act due to the company's exposure to losses exceeding half of its share capital.
- On March 14, 2018 (corresponding to Jumada Al-Thani 26, 1439H), the Company was informed by the legal advisor in- charge to follow up the case that in this Judicial session, the Commercial Department has judged to dissolve and liquidate Arab Sulfonate Company and has appointed the certified public accountant / Saleh Abdullah Al-Naim as a liquidator to verify the losses and the Company's responsibility thereof.
- We were provided with the first follow-up report from the judicial liquidator to liquidate Arab Sulfonate Company (associate) for the period 22/07/2018 to 31/12/2018 including his inability to prepare the financial statements for the associate for the year ended 31/12/2018, Also, the Company's management did not obtain the audited financial statements for the years ended December 31, 2018 from the judicial liquidator of Arab Sulfonate Company to assess the investment or contingent liabilities to the Company.
- We were also provided with the second follow-up report from the judicial liquidator for the liquidation of the Arab Sulfonate Company Ltd, (an associate) for the period from 1/1/2019 to 30/6/2019, which includes his inability to prepare the financial statements of the associate for the year ended 31/12/2019, and the company', The management did not obtain the audited financial statements for the financial years ended December 31, 2018, 2019, 2020 and 2021 from the judicial liquidator of the Arab Company for Sulfonates Limited.
- Dated June 21, 2020, the legal liquidator and the certified public accountant, Saleh Abdullah Al-Naim died.
- On Ramadan 8, 1442 AH (corresponding to April 20, 2021), the Second Circuit of the Jeddah Commercial Court decided to appoint Edraak International Company as a liquidator to succeed Saleh Al-Naim's office in the liquidation of the Arab Sulfonate Company Ltd.
- The company's management did not obtain the audited financial statements for the financial years ending on December 31, 2021 and 2022, from the judicial liquidator of the Arab Sulfonate Company Limited (Edrak International Company).

7. Investment in a subsidiary

The company has established a subsidiary company under the name of Al-Sadu Investment Company (a limited liability company owned 100% by the Saudi Arabian Refineries Company) with a capital amounted to SR. 5 million and CR. No. 4030475999 dated June 19, 2022 (corresponding to Dhu al-Qa'dah 20, 1443 H) and its head office in Jeddah. The company's activity is to carry out real estate activities, financial activities, financial technology, tourism services, public construction activities, mining and quarrying activities. The company will start providing its services after completing all the establishment work in terms of administrative and technical terms and the necessary licenses. The company has not started its activities yet, and its capital has not been paid to date.

SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements for the three and nine months periods ended September 30, 2023 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

8. Prepaid expenses and other receivable balances

The prepaid expenses and other receivable balances are as follows:

	<u>As at September</u> <u>30, 2023</u>	<u>As at December</u> <u>31, 2022</u>
Prepaid expenses	342,880	125,152
Other receivable balances	5,007	546,803
	<u>347,887</u>	<u>671,955</u>
Less: expected credit losses (note 8.A)	-	(304,570)
	<u>347,887</u>	<u>367,385</u>

8. A. Movements in expected credit losses during the period / year is as follows:

	<u>2023</u>	<u>2022</u>
The balance on January 1	304,570	-
Provided during the year	-	304,570
Used during the period	(304,570)	-
The balance on December 31,	<u>-</u>	<u>304,570</u>

9. Transactions with related parties

9. A. Related parties represent the shareholders of the company and the companies in which they directly or indirectly own shares / stakes that entitle them to control these companies. The following is a summary of the main transactions concluded and signed by these parties during the period:

	<u>Relationship</u>	<u>Nature of transaction</u>	<u>Size of transaction during</u>	
			<u>As at</u> <u>September 30,</u> <u>2023</u>	<u>As at</u> <u>September 30,</u> <u>2022</u>
Arab Company for Tanks Ltd.	Associate	Administrative services fees	<u>226,125</u>	<u>226,125</u>

9. B. Due from associates:

	<u>As at September</u> <u>30, 2023</u>	<u>As at December</u> <u>31, 2022</u>
Arab Company for Sulfonate Limited	2,639,014	2,639,014
Less: Provision for expected credit losses	(2,639,014)	(2,639,014)
	<u>-</u>	<u>-</u>

10. Cash and cash equivalents

	<u>As at September</u> <u>30, 2023</u>	<u>As at December</u> <u>31, 2022</u>
Cash at banks	<u>41,311,648</u>	<u>54,005,474</u>

Cash at banks balances include cash in an investment portfolio amounting to SR. 28.3 million (2022: SR. 35.7 million).

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11. Accrued expenses

Accrued expenses represent the followings:

	<u>As at September 30, 2023</u>	<u>As at December 31, 2022</u>
Accrued expenses	<u>1,562,200</u>	<u>2,089,782</u>

- Accrued expenses on September 30, 2023 include remuneration for the Board of Directors amounting to SR. 1,4 million (2022: SR. 1.9 million).

12. Zakat

12. A. Zakat calculation

	<u>As at September 30, 2023</u>	<u>As at December 31, 2022</u>
Adjusted net profit (loss)	<u>4,347,294</u>	<u>(4,276,532)</u>
Total added items	351,669,295	424,950,082
Total deducted items	(321,517,682)	(367,585,059)
Zakat base	<u>30,151,613</u>	<u>57,365,023</u>
Zakat payable at 2,5% of adjusted net profit / Zakat base	<u>753,790</u>	<u>1,434,126</u>

12. B. Movement of zakat provision

	<u>As at September 30, 2023</u>	<u>As at December 31, 2022</u>
Balance at beginning of the period / year	1,437,887	450,500
Additions during the period/year	797,135	1,454,538
Zakat differences for prior years	829,677	-
Payments during the period / year	(1,407,342)	(467,151)
	<u>1,657,357</u>	<u>1,437,887</u>

12. C. Zakat status

The company filed its zakat returns for the years up to December 31, 2022, and obtained the zakat certificate for the year ended December 31, 2022.

The years from 2021 to 2022

There is a discussion between the company and the Zakat, Tax and Customs Authority for the years 2021 and 2022. The company is still in the stage of collecting data for responding to the Zakat, Tax and Customs Authority.

The years from 2019 to 2020

The Zakat, Tax and Customs Authority ("ZATCA") issued zakat assessments and an additional zakat obligation resulted on the company with sum of SR 113,264 and the amount was settled during the fourth quarter of 2021.

Years from 2017 to 2018

The ZATCA issued zakat assessments and an additional zakat obligation resulted on the company with sum of SR 901,209 out of which sum of SR 434,058 was settled during the fourth quarter of 2020. The company objected to the remaining amounting to SR 467,151. An amount of SR. 467,151 was paid during the fourth quarter of the year 2022.

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13. Investment income

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

	<u>For the three month period</u> <u>ending September 30</u>		<u>For the nine month period</u> <u>ending September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
Saudi Industrial Investment Group	7,597,240	-	7,597,240	22,791,720
Saudi Arabian Oil Company (Aramco Saudi Arabia)	19,550	12,481	45,544	37,445
Southern Region Cement Company	42,233	90,499	102,566	241,332
Aqua Power Co.	129	-	129	119
	<u>7,659,152</u>	<u>102,980</u>	<u>7,745,479</u>	<u>23,070,616</u>

14. The company's share from the results of the business of associates

The company's share from the results of the business of associates for the period ended September 30, is represented by the following:

	<u>For the three month period</u> <u>ending September 30,</u>		<u>For the nine month period</u> <u>ending September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
Arab Company for Tanks Ltd	(302,725)	(501,230)	(400,440)	(950,810)

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

	<u>For the three month period</u> <u>ending September 30,</u>		<u>For the nine month period</u> <u>ending September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
Net profit for the period	4,400,246	(3,140,627)	2,667,423	17,208,246
Weighted average number of shares	15,000,000	15,000,000	15,000,000	15,000,000
Basic and diluted earnings per share from net profit for the period	<u>0,29</u>	<u>(0.21)</u>	<u>0,18</u>	<u>1,15</u>

16. Dividends

On June 22, 2023, corresponding to 4 Dhu al-Hijjah 1444 H, the Ordinary General Assembly of shareholders approved the Board of Directors' recommendation on March 29, 2023, corresponding to Ramadan 8, 1444 H, to distribute dividends for the financial year of 2022 in amounting to SR. 15 million, equivalent to (10%) of the company's capital, at SR. 1 per share (2021: SR. 7.5 million, at Halalas 50 per share). The dividends had been distributed on Wednesday, July 19, 2023, corresponding to Muharram 1, 1445 H.

17. Statutory reserve

Pursuant to the provisions of the Companies Act in the Kingdom of Saudi Arabia, the company is required to set aside 10% of the net annual income as a statutory reserve until it amounts to 30% of the share capital, This reserve is not available for distribution.

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18. Segment information

The company is currently engaged in investing in local companies, and therefore its activity is limited to the investment sector, and it has no other business sectors, therefore, it does not report on operating segments in multiple products or in different geographies.

19. Financial risk management

The Company's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value, and price risk), credit risk and liquidity risk.

The company's overall risk management program focuses on the fluctuations of the financial markets and the company's management attempts to minimize potential negative impacts on the company's financial performance.

Financial risk management framework

The risk management policy is implemented by the senior management in accordance with the policies approved by the Board of Directors, The senior management identifies, assesses and hedges financial risks in close cooperation with the operating units of the company, The most important types of risk are credit risk, currency risk or fair value and interest rates for cash flows.

The Board of Directors has an overall responsibility for establishing and overseeing the Company's risk management framework, the executive management is responsible for developing and monitoring the company's risk management policies, any changes or matters related to compliance with policies are reported to the Board of Directors through the Audit Committee.

The risk management regulations are reviewed regularly by the executive management to reflect changes in market conditions and the company's activities, the company aims, through training, management standards and procedures, to develop a responsible and constructive control environment so that all employees are aware of their roles and obligations.

The audit committee oversees the management's compliance with the company's risk management policies and procedures, and reviews the appropriateness of the risk management framework in relation to the risks encountered by the company.

Financial instruments included in the statement of financial position consist of receivables and other current assets, due from associates, accruals and other current liabilities, The methods of evidence used are disclosed in the policy statement relating to each item.

Foreign exchange rate risk

Foreign exchange rate risk arises from changes and fluctuations in the value of financial instruments as a result of changes in foreign exchange rates.

The company did not carry out any transactions of materiality in currencies other than the Saudi Riyal, the US dollar, Since the Saudi Riyal exchange rate is pegged with the US dollar, and it does not represent significant currency risks. The company's management monitors the currency exchange rates and believes that foreign exchange rate risk is not material.

Share price risk

The company is exposed to market price risks on its investments in traded shares arising from uncertainties surrounding the future value of traded shares, Reports on investment in traded shares are reported to the senior management on a regular basis.

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19. Financial risk management...(Continued)

Financial risk management framework...(Continued)

Credit risk

Credit risk is the risk that one party in a financial instrument will fail to fulfill an obligation and causes the company to incur a financial loss. The Company's financial instruments that are subject to credit risk are primarily including of cash and cash equivalents, receivables and other current assets. The company monitors credit risk related to receivable and related party balances and establishes provision for doubtful balances. The company deposits its funds in banks with high reliability and creditworthiness. The company also has a policy regarding the amount of funds deposited in each bank, and the management does not expect the existence of significant credit risks resulting from this.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulties in obtaining the necessary finance to meet obligations related to financial instruments. Liquidity risk may arise when the inability to sell a financial asset quickly at a value approximate to its fair value. Liquidity risk is managed through regular monitoring of the adequacy of the available liquidity to meet the financial obligations of the company. As the company has sufficient liquidity to pay its liabilities.

Capital risk management

For the purpose of managing the company's capital risk, the company's capital structure consists of shareholders' equity (consist of share capital, statutory reserve, retained earnings and equity instruments valuation reserve at FVOCI). The main objective of capital management is to maximize shareholders' equity.

The company manages and adjusts its share capital structure in view of changes in economic conditions and financial commitment requirements. In order to maintain or adjust the share capital structure, the company may adjust dividends to shareholders or issue new shares.

The company has no capital structure with specific objectives or rates to be achieved in connection with managing capital risk. The overall strategy of the company remains unchanged from the previous year.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences may arise between the carrying amounts and fair value estimates. The definition of fair value is based on the measurement to the market and the assumptions used by market participants.

Fair value of financial instruments carried at amortized cost

Management believes that the carrying amounts of financial assets and financial liabilities carried at amortized cost in the interim condensed Consolidated financial statements approximate their fair value.

20. Significant events

On January 16, 2023, corresponding to Jumada Al-Akhir 23, 1444H, and based on the resolution of the Minister of Commerce No. (284), the implementing regulations for the new Companies' Act were issued. On January 19, 2023, correspondig to Jumada Al-Akhir 26, 1444H, the new Companies' Act issued by Royal Decree No. (M / 132) entered into force. The company's management will make the necessary amendments to the company's articles of association as required by the new Companies' Act and its implementing regulations.

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21. Subsequent events

The management believes that there have been no significant subsequent events since the date of the Company's interim condensed consolidated financial statements for the period ended September 30, 2023, until the date of preparing these financial statements, they may have a material impact on the financial position of the Company.

22. Approval of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements were approved by the Board of Directors on November 5, 2023 (corresponding to Rabi' al Thani 21, 1445H).