

**NAMA CHEMICALS COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS (UNAUDITED) AND  
INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE-MONTH PERIOD ENDED  
MARCH 31, 2021**

## INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders

**NAMA Chemicals Company**

(A Saudi Joint Stock Company)

### Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of NAMA Chemicals Company (A Saudi joint stock company) (the "Company") as at March 31, 2021 and the related interim condensed consolidated statements of profit or loss and the other comprehensive income for the three-month period then ended, and the related interim condensed consolidated statements of changes of shareholders' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Group's management is responsible for the preparation and presentation of these Interim condensed consolidated financial statements in accordance with International Accounting Standard No. 34 "Interim Financial Reporting" 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.

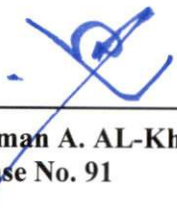
### Scope of Review:

We conducted our review in accordance with the international standard on review engagements 2410, "Review of Interim Financial Information Performed by the Independents Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries primarily to 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 such 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 International Accounting Standard No. 34 endorsed in the Kingdom of Saudi Arabia.

**Alkharashi & Co.**

  
**Suleiman A. AL-Kharashi**  
License No. 91



May 02, 2021  
Ramadan 20, 1442

(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	704,089	718,387
Deferred cost		36,315	38,471
Investment properties		70,774	71,326
Investments at fair value through other comprehensive income		138,746	128,120
Long term prepaid employees' benefit		116,222	117,582
<b>Total non-current assets</b>		<b>1,066,146</b>	<b>1,073,886</b>
<b>Current assets</b>			
Inventories		51,831	72,698
Long Term Prepaid Employees' Benefit – Current Portion		5,475	5,475
Trade receivables		140,417	88,190
Advances, prepayments and other receivables		29,918	26,182
Cash and cash equivalents		13,608	6,163
<b>Total current assets</b>		<b>241,249</b>	<b>198,708</b>
<b>TOTAL ASSETS</b>		<b>1,307,395</b>	<b>1,272,594</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		235,200	235,200
Other reserves		111,914	101,298
Accumulated losses		(36,999)	(46,968)
Treasury shares		(2,911)	(2,911)
<b>Total equity</b>		<b>307,204</b>	<b>286,619</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term loans – non-current portion	5	482,426	33,443
Employees' end of service benefits	8	42,696	43,654
Lease Liabilities - non-current	6	10,375	11,236
<b>Total non-current liabilities</b>		<b>535,497</b>	<b>88,333</b>
<b>Current liabilities</b>			
Long term loans – current portion	5	199,139	662,970
Short term loans	5	34,188	43,840
Lease Liabilities – current	6	1,289	1,678
Trade and other payables		115,268	109,140
Provision for zakat		30,573	29,534
Accrued expenses and other liabilities – current portion		84,237	50,480
<b>Total current liabilities</b>		<b>464,694</b>	<b>897,642</b>
<b>Total liabilities</b>		<b>1,000,191</b>	<b>985,975</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,307,395</b>	<b>1,272,594</b>
Contingencies and commitments	7		

Chief Financial Officer

Chief Executive Officer

Chairman

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



(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three months period ended March 31, 2021 (Unaudited)	For the three months period ended March 31,2020 (Unaudited)
Revenue from contracts with customers		162,816	120,023
Cost of revenue		(128,813)	(110,449)
<b>Gross profit</b>		<b>34,003</b>	<b>9,574</b>
Selling and distribution expenses		(9,952)	(6,135)
General and administrative expenses		(11,215)	(10,006)
<b>Operating profit / (loss)</b>		<b>12,836</b>	<b>(6,567)</b>
Finance cost, net		(3,741)	(4,778)
Investment income, net		-	3,509
Other income, net		1,913	1,752
<b>Profit / (loss) before zakat</b>		<b>11,008</b>	<b>(6,084)</b>
Zakat		(1,039)	(1,243)
<b>Net profit / (loss) for the period</b>		<b>9,969</b>	<b>(7,327)</b>
<b>Other comprehensive income / (loss):</b>			
<b>Items that will not be reclassified to profit or loss in subsequent period</b>			
Change in fair value of equity instruments at fair value through other comprehensive income / (loss)		10,626	(28,672)
<b>Items that may be reclassified to profit or loss in subsequent period</b>			
Exchange differences on translation of foreign operations		(10)	1
<b>Other comprehensive income / (loss) for the period</b>		<b>10,616</b>	<b>(28,671)</b>
<b>Total comprehensive income / (loss) for the period</b>		<b>20,585</b>	<b>(35,998)</b>
<b>Earnings per share</b>			
- Basic (SR)	11	0.427	(0.314)
- Diluted (SR)	11	0.424	(0.312)
<b>Weighted average number of shares outstanding:</b>			
- Basic ('000')	11	23,355	23,355
- Diluted ('000')	11	23,520	23,520



Chief Financial Officer



Chief Executive Officer

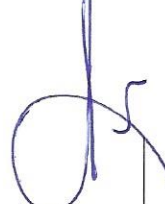


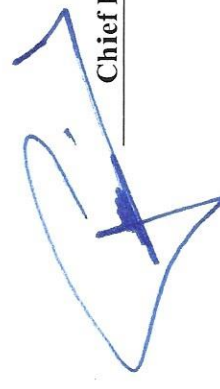
Chairman

**NAMA CHEMICALS COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**  
 (All amounts in Saudi Riyals thousands unless otherwise stated)

	Share Capital	Other reserves	Accumulated losses	Treasury Shares	Total equity
<b>alance at January 1, 2020 (Audited)</b>	<b>235,200</b>	<b>84,763</b>	<b>(10,633)</b>	<b>(2,911)</b>	<b>306,419</b>
et loss for the period	-	-	(7,327)	-	(7,327)
ther comprehensive loss for the period	-	(28,671)	-	-	(28,671)
otal comprehensive loss for the period	-	(28,671)	(7,327)	-	(35,998)
<b>alance at March 31, 2020 (unaudited)</b>	<b>235,200</b>	<b>56,092</b>	<b>(17,960)</b>	<b>(2,911)</b>	<b>270,421</b>
<b>alance at January 1, 2021 (Audited)</b>	<b>235,200</b>	<b>101,298</b>	<b>(46,968)</b>	<b>(2,911)</b>	<b>286,619</b>
et profit for the period	-	-	9,969	-	9,969
ther comprehensive income for the period	-	10,616	-	-	10,616
otal comprehensive income for the period	-	10,616	9,969	-	20585
<b>alance at March 31, 2021 (unaudited)</b>	<b>235,200</b>	<b>111,914</b>	<b>(36,999)</b>	<b>(2,911)</b>	<b>307,204</b>

  
**Chief Executive Officer**

  
**Chairman**

  
**Chief Financial Officer**

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

**NAMA CHEMICALS COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	March 31, 2021	March 31, 2020
	(Unaudited)	
<b>Cash flows from operating activities</b>		
Profit / (loss) for the period	9,969	(7,327)
<b>Adjustments for non-cash items:</b>		
Depreciation on operating fixed assets	15,861	17,451
Provision for zakat	1,039	1,243
Dividend Income	-	(3,509)
Finance cost, net	3,741	4,778
Settlement of Long Term Prepaid Employee Benefits	1,360	1,554
Gain on sale of operating fixed assets	-	121
Provision / reversal for employees' end of service benefits	862	709
	<b>32,832</b>	<b>15,020</b>
<b>Working capital adjustments:</b>		
Inventories	20,867	5,361
Trade receivables	(52,227)	7,637
Advances, prepayments and other receivables	(3,736)	(8,084)
Trade and other payables	6,129	(10,055)
Accrued expenses and other liabilities	33,942	5,180
<b>Cash generated from operations</b>	<b>37,807</b>	<b>15,059</b>
Finance cost paid	(1,998)	(3,016)
Employees' end of service benefits paid	(1,819)	(279)
<b>Net cash generated from operating activities</b>	<b>33,990</b>	<b>11,764</b>
<b>Cash flows from investing activities</b>		
Dividend income received	-	3,509
Additions to property, plant and equipment	(469)	(270)
Proceeds from sale of property, plant and equipment	1,614	
<b>Net cash from investing activities</b>	<b>1,145</b>	<b>3,239</b>
<b>Cash flows from financing activities</b>		
Changes in short term loans	(9,579)	(423)
Lease liabilities settled	(1,435)	(1,642)
Repayment of long term loans	(16,663)	(8,777)
<b>Net cash used in financing activities</b>	<b>(27,677)</b>	<b>(10,842)</b>
<b>Net change in cash and cash equivalents</b>	<b>7,458</b>	<b>4,161</b>
Exchange differences on translation of foreign operations	(13)	-
Cash and cash equivalents at January 01,	6,163	24,380
<b>Cash and cash equivalents at March 31,</b>	<b>13,608</b>	<b>28,541</b>
<b>Non cash transactions:</b>		
Change in fair value of investments	10,626	(28,672)



**Chief Financial Officer**



**Chief Executive Officer**



**Chairman**

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



**NAMA CHEMICALS COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(UNAUDITED) (Continued)

**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

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**1. ORGANIZATION AND ACTIVITIES**

NAMA Chemicals Company ("the Company") ("NAMA") is a Saudi Joint Stock Company registered in Al-Jubail Industrial City under the commercial registration Number 2055007420. The registered office of the Company is situated in Al-Jubail, Kingdom of Saudi Arabia. The share capital of the Company amounts to SR 235.2 million divided into 23.52 million shares of SR 10 each.

The principal activities of NAMA and its subsidiaries ("the Group"), each of which operates under individual commercial registration, are to own, establish, operate and manage industrial projects in the petrochemical and chemical fields and engaged in real estate operations.

The Company's registered address is P.O. Box 11919, Jubail Industrial City 31961, Kingdom of Saudi Arabia.

These condensed consolidated interim financial statements have been prepared assuming that the group will continue as a going concern. As at March 31, 2021, the current liabilities of the Group exceeded its current assets by SR 223.45 million (December 31, 2020: SR 698.93 million) mainly on account of current portion of SIDF's long term loan amounting to SR 136.79 million (December 31, 2020: SR 596.3 million). On October 25, 2018, the Group received a letter from Saudi Industrial Development Fund (SIDF) stating that the fund has rejected NAMA's request for restructuring of its loans. However subsequently after performing an extensive due diligence with a third party, SIDF has agreed to reschedule the loan with a onetime settlement through internal resources in 2021 and the balance amount to be repaid in unequal installments starting 15-10-1444 (G 06 May 2023)

The Group management has performed an assessment of its ability to continue as going concern based on which it has concluded that the Group has adequate resources to continue in operational existence for the foreseeable future. In performing the assessment, the management has considered following significant assumptions:

- a. The breach of financial covenants would not have impacted the rescheduling of loan;
- b. The Group does not expect call of guarantees in respect of the borrowing facilities of subsidiaries. The Group management has relied on the fact that no default of scheduled payments to lender has been made;
- c. The Group does not expect to incur all capital expenditure commitments in next twelve months.

As at March 31, 2021, the accumulated losses of one of the subsidiaries, JANA, has reached to more than 100% of its share capital. The shareholders of JANA on 02 March 2021 had resolved to continue JANA and to provide it with the necessary financial support as deemed required. Further, the Group has not complied with the covenants requirements of its loan agreements to maintain certain financial ratios. However, the management is in the process of taking necessary remedial actions in this regard. Management believes that the Group will be successful in resolving the breach in near future. Accordingly, these loans are continued to be classified as per the original terms of repayment (Note 5).

**1.1 Structure of the group**

The condensed consolidated interim financial statements include the financial statements of the Group and the following subsidiaries:

Al-Jubail Chemical Industries Company ("JANA"), a limited liability Company, is owned 95% by NAMA and 5% by NAMA Industrial Investment Company, a subsidiary of NAMA.

**NAMA CHEMICALS COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(UNAUDITED) (Continued)

**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

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**1. ORGANIZATION AND ACTIVITIES (Continued)**

**1.1 Structure of the group (Continued)**

Arabian Alkali Company ("SODA"), a limited liability Company, is owned 90% by NAMA and remaining 10% by JANA.

NAMA Industrial Investment Company, a limited liability Company, is owned 95% by NAMA and 5% by SODA.

NAMA Europa GMBH, a limited liability Company incorporated in Switzerland, is owned 99% by NAMA Industrial Investment Company and 1% by NAMA. The shareholding was notified in the commercial registry in Bern vide - CH-036.4.041.685-8.

NAMA Germany GMBH, a limited liability Company incorporated in Germany, is fully owned by NAMA Europa GMBH.

NAMA has effectively 100% ownership in these subsidiaries. The above wholly owned subsidiaries, including their assets, liabilities and results of operations are included in the accompanying condensed consolidated interim financial statements.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These condensed consolidated interim financial statements for the three months period ended March 31, 2021 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 issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). The accompanying condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and hence should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2020.

**2.2 Preparation of the condensed consolidated interim financial statements**

These condensed consolidated interim financial statements are prepared under the historical cost convention, as modified for financial assets at fair value through other comprehensive income and by using the actuarial basis for employees' end of service benefits, on the accrual basis of accounting. The principal accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2020.

The preparation of these condensed consolidated interim financial statements in conformity with IFRS required management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts in the condensed consolidated interim financial statements. These critical accounting judgements and key sources of estimations were the same as those described in the last annual financial statements.

**2.3 Functional and presentation currency**

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR), which is the functional and presentation currency of the Group. All amounts are presented in Saudi Riyals thousands except the earning per share.



**NAMA CHEMICALS COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**(UNAUDITED)** (Continued)

**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies adopted by the Group:

**3.1 Basis of consolidation**

These condensed consolidated interim financial statements incorporate the financial statements of the Group detailed in note 1.1. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the condensed consolidated interim statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Condensed consolidated interim statement of profit or loss and each component of other comprehensive income are attributed to the shareholders of the Group. Total comprehensive income of subsidiaries is attributed to the shareholders of the Group.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**3.2 New Standards, Amendments to Standards and Interpretations**

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2020:

- i- The definition of materiality (Amendments to IAS 1 and IAS 8)
- ii- The definition of a business (Amendments to IFRS 3)
- iii- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

These amendments do not have a material effect on the Group's interim condensed consolidated financial statements.

**NAMA CHEMICALS COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****(UNAUDITED)** (Continued)**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.3 Use of Judgments and Estimates:**

In preparing these Condensed Consolidated Interim Financial Statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual audited Consolidated Financial Statements.

However, the Group has reviewed the key sources of estimation uncertainties disclosed in the last annual Consolidated Financial Statements against the backdrop of the Covid-19 pandemic. Management believes that other than the expected credit losses arising on the financial assets, all other sources of estimation uncertainty remain similar to those disclosed in the annual Consolidated Financial Statements. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

**4. PROPERTY, PLANT AND EQUIPMENT**

	Note	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Operating fixed assets	5.1	692,339	706,127
Right of use assets	5.7	11,750	12,260
		<u>704,089</u>	<u>718,387</u>

**4.1 Operating fixed assets**

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>Cost:</b>		
At the beginning of the year	2,210,874	2,204,948
Additions	469	19,732
Disposals		(391)
Transfers	-	(13,415)
At the end of the year	<u>2,211,343</u>	<u>2,210,874</u>
<b>Accumulated depreciation:</b>		
At the beginning of the year	845,069	792,701
Disposals	-	(270)
Transfers	-	(922)
Charge for the year	14,257	53,560
At the end of the year	<u>859,326</u>	<u>845,069</u>
<b>Accumulated impairment:</b>		
At the beginning of the year	659,678	659,678
Charge for the year	-	-
At the end of the year	<u>659,678</u>	<u>659,678</u>
<b>Net book value:</b>		
At March 31, 2021	<u>692,339</u>	<u>706,127</u>



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**(UNAUDITED)** (Continued)

**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

**4. PROPERTY, PLANT AND EQUIPMENT (continued)**

**4.2 Right of use**

Property, plant and equipment include the following right of use assets relate to Group's leases:

	March 31, 2021 (Unaudited) SR	December 31, 2020 (Audited) SR
<b>Right of use assets:</b>		
Land	10,587	10,939
Pipeline	720	787
Vehicles	443	534
	<u>11,750</u>	<u>12,260</u>

Movement in right of use during the period / year is as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Opening balance	12,260	14,490
Depreciation for the period / year	(510)	(2,230)
Closing balance	<u>11,750</u>	<u>12,260</u>

**5. LOANS**

**Short term loans**

JANA, one of the subsidiaries of the Group, obtained bank facilities from local banks for short-term loans and letters of credits. These facilities bear interest at rate based on SAIBOR plus a margin. These facilities are secured by a corporate guarantee from NAMA.

**Long term loans**

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
SIDF Loan (note 5.1)	598,065	596,279
Tawarruq financing (note 5.2)	66,120	77,313
Murabaha loans (note 5.3)	17,380	22,821
	<u>681,565</u>	<u>696,413</u>
Less: current portion	<u>(199,139)</u>	<u>(662,970)</u>
<b>Long term loans – non-current portion</b>	<u>482,426</u>	<u>33,443</u>

**5.1 SIDF Loan**

On October 25, 2018, the Group received a letter from Saudi Industrial Development Fund (SIDF) stating that the fund has rejected NAMA's request for restructuring of its loans. However subsequently after performing an extensive due diligence with a third party, SIDF has agreed to reschedule the loan with a onetime settlement through internal resources in 2021 and the balance amount to be repaid in unequal installments starting 15-10-1444 (G 06 May 2023)

SIDF loan covenants include maximum limits for capital expenditure and maintenance of certain financial ratios during the period of the loan. The loan is secured against the mortgage of the property, plant and equipment of JANA.



**NAMA CHEMICALS COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****(UNAUDITED)** (Continued)**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

**5. LOANS (continued)****5.2 Tawarruq financing**

This loan is obtained from Jazira Bank and was initially repayable in 57 equal monthly installments of SR 2.7 million starting from January 31, 2018. However, in May 2020 the bank agreed to postpone the repayment of 6 installments and also revised the installment amounts as Covid-19 support. The bank loan covenants include maintenance of certain financial ratios during the period of the loan. It is subject to mark-up at SAIBOR plus margin and is secured by promissory notes.

**5.3 Murabaha loans**

This loan includes two loan tranches obtained from Alawwal Bank. The first tranche is repayable in 47 equal monthly installments of SR 0.75 million starting from March 26, 2018. It is subject to mark-up at SAIBOR plus margin and is secured by promissory notes.

The second Alawwal Bank tranche is repayable in 47 equal monthly installments of SR 1.06 million starting from March 12, 2018. The bank loan covenants include maintenance of certain financial ratios during the period of the loans. It is subject to mark-up at SAIBOR plus margin and is secured by promissory notes.

**6. LEASE LIABILITIES**

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance at the beginning of period / year	12,914	14,702
Interest accrued during the period / year	185	797
Liabilities paid during the period / year	(1,435)	(2,585)
<b>Balance at the end of period / year</b>	<b>11,664</b>	<b>12,914</b>
Less: current lease liabilities	(1,289)	(1,678)
Non-current lease liabilities	10,375	11,236

**7. CONTINGENCIES AND COMMITMENTS**

The Group's outstanding contingencies and commitments were as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Letters of credit	14,738	9,765
Letters of guarantee	8,845	8,811

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(UNAUDITED) (Continued)

**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

**8. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

The related parties consist of subsidiaries, affiliates, Board of Directors, and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group. The transactions are dealt with on mutually agreed terms and the terms and conditions on these transactions are approved by the Group's management.

Transactions with key management personnel are as follows:

	For the three months ended March 31, 2021 (Unaudited)	For the three months Ended March 31, 2020 (Unaudited)
Short term benefits	998	727
Employees' end of service benefits	42	61
Board remuneration	505	255
	<u>1,545</u>	<u>1,043</u>

**9. SEGMENTAL INFORMATION**

Consistent with the Group's internal reporting process, business segments have been approved by management in respect of the Group's activities. The Group's unaudited sales, net (loss)/profit, assets and liabilities, by business segment, are as follows:

	Epoxy resin products	Chloe Alkali products	Inter-Group eliminations	Others	Total
<b>For the three months ended March 31, 2021</b>					
Revenue	110,334	51,274	(4,018)	5,226	162,816
Net (loss)/profit	13,062	(6,917)	3,538	286	9,969
Total assets	550,969	500,551	-	255,875	1,307,395
Total liabilities	392,593	473,771	-	133,827	1,000,191
<b>For the three months ended March 31, 2020</b>					
Revenue	76,988	38,602	(777)	5,210	120,023
Net (loss)/profit	(5,321)	(5,011)	(210)	3,215	(7,327)
Total assets	498,987	530,961	-	224,376	1,254,324
Total liabilities	368,032	464,920	-	150,951	983,903

**Reconciliation of net loss of operating segments**

	March 31, 2021	March 31, 2020
Segment profit	6,431	(7,117)
Inter-segment profit elimination	3,538	(210)
Net profit/ (loss) for the year	<u>9,969</u>	<u>(7,327)</u>

**Geographical Information**

The geographic information analyses the Group's revenue and non-current assets by the Group's country of domicile and other countries.

	March 31, 2021	March 31, 2020
<b>Revenue</b>		
Saudi Arabia	74,460	61,423
Other countries	88,356	58,600
Total Revenue	<u>162,816</u>	<u>120,023</u>
<b>Non-Current Assets</b>		
Saudi Arabia	<u>1,066,146</u>	<u>1,047,548</u>

**NAMA CHEMICALS COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****(UNAUDITED)** (Continued)**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

**10. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying value	Fair value	Level 1	Level 2	Level 3	Total
<u>March 31, 2021</u>						
Financial assets – (Unaudited)						
Investments – FVTOCI	138,746	138,746	138,746	-	-	138,746
<u>December 31, 2020</u>						
Financial assets - (Audited)						
Investments – FVTOCI	128,120	128,120	128,120	-	-	128,120
<b>Net change in fair value</b>	<b>10,626</b>	<b>10,626</b>	<b>10,626</b>	<b>-</b>	<b>-</b>	<b>10,626</b>

**11. PROFIT / (LOSS) PER SHARE**

	For the three- months ended March 31, 2021 (Unaudited)	For the three- months ended March 31, 2020 (Unaudited)
Net Profit / (Loss) for the period attributable to the shareholders of the Group	9,969	(7,327)
Average number of ordinary shares for the purposes of basic loss (in thousands)	23,355	23,355
Average number of ordinary shares for the purposes of diluted loss (in thousands)	23,520	23,520
<b>Profit / (Loss) per share</b>		
Basic profit / (loss) per share	0.427	(0.314)
Diluted profit / (loss) per share	0.424	(0.312)

Reconciliation between basic and dilute number of shares is as follows;

	For the three- month ended March 31, 2021 (Unaudited)	For the three- month ended March 31, 2020 (Unaudited)
Ordinary shares for the purposes of basic profit / (loss) per share (in thousands)	23,355	23,355
Add: Treasury shares	165	165
Shares for the purposes of diluted profit / (loss) per share (in thousands)	23,520	23,520



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(UNAUDITED) (Continued)

**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

**12. LIQUIDITY RISK**

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system.

**13. CAPITAL AND RISK MANAGEMENT**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, the Group manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total of long term finance and short term borrowings. Total capital employed comprises shareholders' equity as shown in the consolidated statement of financial position under 'share capital and reserves' and net debt (net of cash and cash equivalent). The salient information relating to capital risk management of the Group as of March 31, 2021 is as follows;

The calculation of net debt was as follows;

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash and cash equivalents	(13,608)	(6,163)
Borrowings	715,753	740,253
Lease liabilities	11,664	12,914
Net debt	713,809	747,004

At the statement of financial position date, gearing ratio analysis by the management was as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Total debt	727,417	753,167
Less: Cash and bank balances	(13,608)	(6,163)
Net debt	713,809	747,004
Total Equity	307,204	286,619
Total capital employed	1,021,013	1,033,623
Gearing ratio	70%	72%
Net debt to equity ratio	232%	261%

**14. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

These condensed consolidated interim financial statements have been approved and authorized for issue by the Group's Board of Directors on 02 May 2021.

**15. SUBSEQUENT EVENTS**

On 1st April 2021, NAMA received a letter from SIDF informing of a proposal approved by the Board of Directors of SIDF, for restructuring of its loans. NAMA has approved the proposal and is currently working on completing the associated formalities. This restructuring has an impact on NAMA's Balance Sheet as on 31 March 2021 with SR 461.28 million of the loan transferred from current to non-current liabilities.