

**SAUDI ARABIAN FERTILIZERS COMPANY (SAFCO)
(SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL
STATEMENTS AND INDEPENDENT AUDITOR'S
LIMITED REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019**

**SAUDI ARABIAN FERTILIZERS COMPANY (SAFCO)
(SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019**

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INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT ON INTERIM CONDENSED FINANCIAL STATEMENTS

To the Shareholders
Saudi Arabian Fertilizers Company (SAFCO)
Al-Jubail, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Saudi Arabian Fertilizers Company, a Saudi Joint Stock Company ("the Company") as of March 31, 2019 and the related interim condensed statement of income and other comprehensive income, statement of changes in equity and statement of cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" that is 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

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 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 that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Deloitte and Touche & Co.
Chartered Accountants



Abdul Rahman S. Al-Suwayegh
License No. 461
17 Sha'ban, 1440H
April 22, 2019



SAUDI ARABIAN FERTILIZERS COMPANY (SAFCO)
(SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2019

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	March 31, 2019	December 31, 2018
(Unaudited)			
ASSETS			
Non-current assets			
Right-of-use assets	3	130,273	-
Property, plant and equipment		5,811,190	5,734,078
Intangible assets		50,242	51,849
Investment in an associate		659,619	692,641
Financial assets at fair value through other comprehensive income	8	705,144	605,494
Other non-current assets		161,986	170,424
Total non-current assets		7,518,454	7,254,486
Current assets			
Inventories		456,910	485,665
Trade and other receivables	7	457,605	598,204
Prepayments and other current assets		211,974	123,177
Cash and cash equivalents		974,286	692,694
Short term investments		283,000	350,000
		2,383,775	2,249,740
Non-current asset classified as held for sale		938	241
Total current assets		2,384,713	2,249,981
TOTAL ASSETS		9,903,167	9,504,467
EQUITY AND LIABILITIES			
Equity			
Share capital		4,166,667	4,166,667
Statutory reserve		1,250,000	1,250,000
Retained earnings	11	2,372,952	2,056,156
Fair value reserve of financial assets at fair value through other comprehensive income		532,876	433,226
Total equity		8,322,495	7,906,049
Non-current liabilities			
Obligations under finance lease		114,266	10,191
Employees' benefits obligations	4	763,099	732,963
Total non-current liabilities		877,365	743,154

**SAUDI ARABIAN FERTILIZERS COMPANY (SAFCO)
(SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF MARCH 31, 2019**

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	March 31, 2019	December 31, 2018
		(Unaudited)	
Current liabilities			
Obligations under finance lease		7,839	452
Trade payables		118,883	241,023
Accrued and other current liabilities		327,144	369,534
Dividends payable		174,193	176,007
Zakat provision	5	75,248	68,248
Total current liabilities		<u>703,307</u>	<u>855,264</u>
Total liabilities		<u>1,580,672</u>	<u>1,598,418</u>
TOTAL EQUITY AND LIABILITIES		<u>9,903,167</u>	<u>9,504,467</u>

**Designated
Member**

Abdulaziz H. Al-Habdan



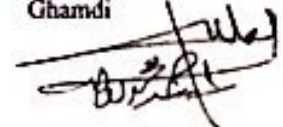
**Company's
President**

Ahmed M. Al-Jabr



**Finance and Planning
Director**

Abdullah A. Al-
Ghamdi



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

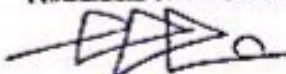
SAUDI ARABIAN FERTILIZERS COMPANY (SAFCO)
(SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF INCOME
AND OTHER COMPREHENSIVE INCOME (Unaudited)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019
 (All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	March 31, 2019	March 31, 2018
Sales	7	718,679	810,763
Cost of sales		(340,385)	(452,446)
Gross profit		378,294	358,317
Selling and distribution expenses		(24,699)	(34,326)
General and administration expenses		(57,972)	(82,407)
Operating profit		295,623	241,584
Other expenses		(5,651)	(9,154)
Other income		16,891	87
Share of results of an associate		41,978	19,585
Finance cost		(6,371)	(5,002)
Income before Zakat		342,470	247,100
Zakat	5	(7,000)	(9,900)
Net income for the period		335,470	237,200
Other comprehensive income for the period			
<i>Other comprehensive income not to be reclassified to income in subsequent periods :</i>			
Net gain on financial assets at fair value through other comprehensive income		99,650	134,860
Re-measurement (loss) gain on defined benefit plans	4	(18,674)	16,225
Other comprehensive income for the period		80,976	151,085
Total comprehensive income for the period		416,446	388,285
Earnings per share (Saudi Riyals)			
Basic and diluted earnings per share	6	0.81	0.57

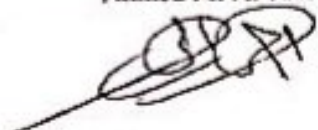
Designated
Member

Abdulaziz H. Al-Habdan



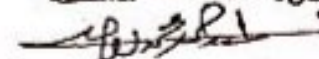
Company's
President

Ahmed M. Al-Jabr



Finance and Planning
Director

Abdullah A. Al-
Ghamdi



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

SAUDI ARABIAN FERTILIZERS COMPANY (SAFCO)
(SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019**
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Fair value reserve of financial assets at fair value through other comprehensive income	Total
Balance as at January 1, 2018	4,166,667	1,250,000	1,057,805	386,153	6,860,625
Net income for the period	-	-	237,200	-	237,200
Other comprehensive income for the period	-	-	16,225	134,860	151,085
Total comprehensive income for the period	-	-	253,425	134,860	388,285
Dividends (note 11)	-	-	(416,667)	-	(416,667)
Balance as at March 31, 2018 (Unaudited)	4,166,667	1,250,000	894,563	521,013	6,832,243
Net income for the remainder of the year	-	-	1,501,238	-	1,501,238
Other comprehensive loss for the remainder of the year	-	-	77,022	(87,787)	(10,765)
Total comprehensive income for the remainder of the year	-	-	1,578,260	(87,787)	1,490,473
Dividends (note 11)	-	-	(416,667)	-	(416,667)
Balance as at December 31, 2018	4,166,667	1,250,000	2,056,156	433,226	7,906,049

SAUDI ARABIAN FERTILIZERS COMPANY (SAFCO)
(SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Fair value reserve of financial assets at fair value through other comprehensive income	Total
Balance as at January 1, 2019	4,166,667	1,250,000	2,056,156	433,226	7,906,049
Net income for the period	-	-	335,470	-	335,470
Other comprehensive income for the period	-	-	(18,674)	99,650	80,976
Total comprehensive income for the period	-	-	316,796	99,650	416,446
Balance as at March 31, 2019 (Unaudited)	4,166,667	1,250,000	2,372,952	532,876	8,322,495

Designated Member

Abdulaziz H. Al-Habdan



Company's President

Ahmed M. Al-Jabr



Finance and Planning Director

Abdullah A. Al-Chamli



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

SAUDI ARABIAN FERTILIZERS COMPANY (SAFCO)
(SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019
(All amounts in Saudi Riyals thousands unless otherwise stated)

	March 31, 2019	March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before Zakat	342,470	247,100
Adjustments for:		
Share of results of an associate	(41,978)	(19,585)
Interest income from time deposits	(7,842)	(76)
Finance cost	6,371	5,002
Depreciation of property, plant and equipment	129,053	121,537
Amortization of intangible assets	1,607	1,379
Amortization of right-of-use assets	4,441	-
Loss on disposal of property, plant and equipment	-	907
Non-cash post-employment benefits expense	13,063	21,394
Operating cash flows before movement in working capital	447,185	377,658
Movement in working capital:		
Inventories	28,755	(9,570)
Trade and other receivables	143,635	(111,633)
Prepayments and other current assets	(32,547)	44,709
Trade payables	(122,140)	(4,972)
Accrued and other current liabilities	(43,680)	222,945
Cash generated from operations	421,208	519,137
Finance cost paid	(199)	(626)
Employees' benefits paid	(9,519)	(6,633)
Net cash flows from operating activities	411,490	511,878
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	7,842	76
Dividends received from an associate	18,750	100,000
Proceeds from disposal of property, plant and equipment	-	1,334
Purchases of property, plant and equipment	(215,730)	(260,241)
Additions to right-of-use assets	(1,651)	-
Net movement in other non-current assets	8,438	8,720
Short term investments	67,000	-
Net cash flows used in investing activities	(115,351)	(150,111)

SAUDI ARABIAN FERTILIZERS COMPANY (SAFCO)
(SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited) (Continued)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019
 (All amounts in Saudi Riyals thousands unless otherwise stated)

	March 31, 2019	March 31, 2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,814)	(673)
Movement in obligations under capital lease	(12,733)	(96)
Proceeds from short-term borrowings	-	200,000
Net cash flows (used in) from financing activities	(14,547)	199,231
Net change in cash and cash equivalents	281,592	560,998
Cash and cash equivalents at the beginning of the period	692,694	244,784
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	974,286	805,782

Supplemental non-cash transactions:

Receivable against disposal of property, plant and equipment	-	1,401
Recognition of right-of-use assets	124,195	-
Property, plant and equipment transferred to right-of-use assets	8,868	-
Post-employment benefits expense charged to a related party	3,036	8,664
Transfer of property, plant and equipment to assets held for sale	697	-
Dividends declared and not paid	-	(416,667)
Dividends declared by an associate but not received	56,250	-

**Designated
Member**

Abdulaziz H. Al-Habdan



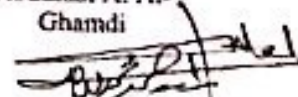
**Company's
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**Finance and Planning
Director**

Abdullah A. Al-Ghamdi



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

**SAUDI ARABIAN FERTILIZERS COMPANY (SAFCO)
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

(All amounts in Saudi Riyals thousands unless otherwise stated)

1. CORPORATE INFORMATION

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

The Company's principal activities are production and manufacturing of fertilizers mainly "Urea and Ammonia" and trading them inside and outside the Kingdom of Saudi Arabia.

SAFCO holds a 50% equity interest in National Chemical Fertilizers Company ("Ibn Al Baytar"), 3.87% equity interest in Arabian Industrial Fibers Company ("Ibn Rushd") and 1.69% equity interest in Yanbu National Petrochemicals Company ("Yansab").

The interim condensed financial statements of SAFCO for the three-month period ended March 31, 2019 were authorised for issue on April 22, 2019.

These interim condensed financial statements have been reviewed, not audited.

2. BASIS OF PREPARATION

Statement of compliance

These interim condensed financial statements for the three-month period ended March 31, 2019 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.

These interim condensed financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statement as at December 31, 2018.

Basis of measurement

These interim condensed financial statements are prepared under the historical cost convention, except for the measurement at fair value of financial assets, using the accruals basis of accounting. For employee and other post-employment benefits, actuarial present value calculations are used.

All values are rounded to the nearest thousand (SR '000), except when otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2018 except for the adoption of new standards effective January 1, 2019:

New and amended standards adopted by the Company:

Adoption of IFRS 16 Leases

The Company has adopted IFRS 16 from its mandatory adoption date January 1, 2019 using the modified simplified transition approach as permitted under the specific transition provisions in the standard. As a result, comparatives for the 2018 financial year have not been restated.

SAUDI ARABIAN FERTILIZERS COMPANY (SAFCO)
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of IFRS 16 Leases (continued)

The Company has not used the practical expedient of applying IFRS 16 to only those contracts that were previously identified as leases under IAS 17 and IFRIC 4. In adopting IFRS 16, the Company has applied the following practical expedients:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounting for operating leases in accordance with IAS 17 as short-term leases with a remaining lease term of less than 12 months as at January 1, 2019;
- exclusion of initial direct costs for the measurement of right-of-use assets at the date of initial application;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- the election, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

On adoption of IFRS 16, the Company has recognized lease liabilities and associated right-of-use assets in relation to contracts that have been concluded as leases under the principles of IFRS 16. The liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of January 1, 2019. The associated right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of prepayments relating to that lease recognized in the statement of financial position as at December 31, 2018.

	January 1, 2019 SR
Operating lease commitments disclosed as of December 31, 2018	208,120
Discounted using the lessee's incremental borrowing rate at the date of initial application	(89,195)
Add: finance lease liabilities recognized as at December 31, 2018	10,643
Less: short term leases recognized on a straight line basis as expense	(8,256)
Add: contracts reassessed as lease agreements	143
Lease liability recognized as at January 1, 2019	121,455

Lease liabilities include, if applicable, the net present value of:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit to the lease or the Company's incremental borrowing rate.

SAUDI ARABIAN FERTILIZERS COMPANY (SAFCO)
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2019

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of IFRS 16 Leases (continued)

Leases are recognized as right-of-use assets along with their corresponding liabilities at the date of which the leased assets are available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is recognized in the interim condensed statement of income and other comprehensive income over the lease term. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs; if applicable.

	January 1, 2019	March 31, 2019
	(Unaudited)	(Unaudited)
Land	36,868	36,588
Housing	74,274	72,295
Plant and equipment	-	750
Vehicles	12,623	11,601
Pipeline	-	8,645
Others	430	394
	<u>124,195</u>	<u>130,273</u>

The Company's leasing activities and how these are accounted for:

The Company leases various housing units, equipment, vehicles, land and other assets. Rental contracts are typically made for fixed periods from 1 to 5 years except for the land that is negotiated for 30 years and may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases were charged to interim condensed statement of income and other comprehensive income on a straight-line basis over the period of the lease.

Short-term leases:

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items that do not meet the Company's capitalization threshold and are considered to be insignificant for the statement of financial position for the Company as a whole. Payments for short-term leases and leases of low-value assets are recognized on a straight-line basis in the interim condensed statement of income and other comprehensive income.

SAUDI ARABIAN FERTILIZERS COMPANY (SAFCO)
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of IFRS 16 Leases (continued)

Extension and termination options:

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within control.

Revised standards that do not have any impact on the Company's financial statements

Effective for annual periods beginning on or after January 1, 2019

- Amendments to IFRS 9 *Prepayment Features with Negative Compensation*
- Amendments to IAS 28 *Investment in Associates and Joint Ventures*: Relating to long-term interests in associates and joint ventures.
- Annual Improvements to IFRSs 2015-2017 *Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs*
- Amendments to IAS 19 *Employee Benefits Plan Amendment, Curtailment or Settlement*
- IFRIC 23 *Uncertainty over Income Tax Treatments*

New and revised standards and interpretations issued but not yet effective

Effective for annual periods beginning after January 1, 2020

- Amendments regarding the definition of material
- Amendments to clarify the definition of a business
- IFRS 17: Insurance Contracts
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

4. EMPLOYEES' BENEFITS OBLIGATIONS

	March 31, 2019	December 31, 2018
	(Unaudited)	
Defined benefit obligations (DBO)	728,567	699,005
Defined contribution plan	34,532	33,958
	763,099	732,963

SAUDI ARABIAN FERTILIZERS COMPANY (SAFCO)
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019
 (All amounts in Saudi Riyals thousands unless otherwise stated)

4. EMPLOYEES' BENEFITS OBLIGATIONS (CONTINUED)

The following table represents the movement of the defined benefits obligations:

	March 31, 2019	December 31, 2018
	(Unaudited)	
Defined benefit obligations at beginning of the period	699,005	662,964
Transfer of benefit obligations from a related party	-	181,353
Current service cost	13,063	60,456
Interest cost	7,344	22,684
Payments during the period	(9,519)	(135,205)
Re-measurement losses (gains) on defined benefit plans	18,674	(93,247)
Defined benefit obligations at end of the period	728,567	699,005

5. ZAKAT

The Zakat is based on the interim condensed financial statements of the Company. The movement in Zakat provision is as follows:

	March 31, 2019	December 31, 2018
	(Unaudited)	
At beginning of the period	68,248	21,674
Provided during the period	7,000	52,560
Paid during the period	-	(5,986)
	75,248	68,248

The Company submitted its Zakat returns up to 2017 and obtained the required Zakat certificates and official receipts. During the period ended March 31, 2019, the Company has received the Zakat assessments for the years 2016 and 2017 with additional Zakat liability amounting to SR 43.58 million. The Company filed an objection with the GAZT against these assessments and the same is under review of the GAZT. Management believes that the provision is sufficient to cover any additional obligation.

6. EARNINGS PER SHARE

	March 31, 2019	March 31, 2018
	(Unaudited)	(Unaudited)
Operating profit for the period	295,623	241,584
Net income attributable to equity holders of the Company (SR '000)	335,470	237,200
Weighted average number of ordinary shares ('000)	416,667	416,667
Basic and diluted earnings per share from operating profit attributable to equity holders of the Company (Saudi Riyals)	0.71	0.58
Basic and diluted earnings per share from net income attributable to equity holders of the Company (Saudi Riyals)	0.81	0.57

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

SAUDI ARABIAN FERTILIZERS COMPANY (SAFCO)
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

(All amounts in Saudi Riyals thousands unless otherwise stated)

7. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent parent company, associated companies, key personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. Following is the list of the major related parties of the Company:

Name of related party	Nature of relationship
SABIC	Shareholder (parent company)
Ibn Al Baytar	Associate
Albayroni	Affiliate

The parent company and ultimate controlling party of SAFCO are SABIC and the Government of the Kingdom of Saudi Arabia respectively.

The following table provides the total amount of transactions that have been entered into with related parties during the three-month period ended March 31, 2019 and 2018, as well as balances with related parties as at March 31, 2019 and December 31, 2018:

	Sales to related parties	Purchases from related parties	Advance payments	Technology and innovation charged	Shared services charged	Management and services charges to an associate	Other services	Amounts due from related parties	Amounts due to related parties
March 31, 2019 (Unaudited)									
SABIC	714,868	138,104	85,133	10,592	10,542	-	85,538	398,642	55,538
Ibn Al Baytar	2,842	3,357	-	-	-	29,977	12,036	49,328	8,548
Albayroni	969	260	-	-	-	49,915	-	9,152	10,831
SABIC affiliates	-	2,924	-	-	-	-	-	483	1,390
March 31, 2018 (Unaudited)									
SABIC	806,954	155,651	41,185	12,113	10,479	-	9,878	506,117	64,276
Ibn Al Baytar	3,022	4,154	-	-	-	51,102	4,513	44,576	58,485
Albayroni	787	-	100,000	-	-	-	-	46,741	51,306
SABIC affiliates	-	347	145	-	-	-	22,795	404	615

SAUDI ARABIAN FERTILIZERS COMPANY (SAFCO)
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

(All amounts in Saudi Riyals thousands unless otherwise stated)

7. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

- The Company has a service level agreement with Saudi Basic Industries Corporation "SABIC" (Shared Services Organization - SSO) for the provision of accounting, human resources, information technology (ERP/SAP), engineering, procurement and related services.
- The Company's annual contribution to SABIC for technology and innovation is 1.5 % of total sales which is charged currently to the interim condensed statement of income and other comprehensive income.
- Substantially, most of the Company's sales are made to SABIC under marketing and off take agreements.
- The management and operational activities of SAFCO and Ibn Al Baytar were consolidated in 1994 and this has no impact on the legal structure of either company. All of the employees and their related balances were transferred to SAFCO.
- The Company entered into an Operations and Maintenance Agreement with an affiliate of SABIC in order to integrate the administrative, operational and maintenance activities of both companies. SAFCO will supervise and manage the activities of the affiliate in accordance with agreement terms. This agreement has no impact on the legal structure of either company. The agreement became effective on April 1, 2018.

Prices and terms of payments for the above transactions are approved by the management.

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances of March 31, 2019 and December 31, 2018 are unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended March 31, 2019 and 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates

8. FAIR VALUE MEASUREMENT

The Company measures financial assets at fair value through other comprehensive income at each balance sheet date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019
 (All amounts in Saudi Riyals thousands unless otherwise stated)

8. FAIR VALUE MEASUREMENT (CONTINUED)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial assets, other than those with carrying amounts that are reasonable approximations of fair values:

	March 31, 2019 (Unaudited)				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets measured at fair value	705,144	705,144	705,144	-	-

	December 31, 2018				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets measured at fair value	605,494	605,494	605,494	-	-

Fair value of financial assets is derived from quoted market prices in active markets.

The management assessed that cash and cash equivalents, short-term investments, trade and other receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

9. SEGMENT INFORMATION

All of the Company's operations are related to one operating segment which is fertilizers and selling its products substantially to SABIC. Accordingly, segmental analysis by operating and geographic segment has not been presented.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
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(All amounts in Saudi Riyals thousands unless otherwise stated)

10. CAPITAL COMMITMENTS

The Board of Directors approved in their meeting held on 18 Ramadan 1436H (corresponding to July 5, 2015) a reliability project for SAFCO IV at the Company's complex in Al-Jubail Industrial City with an estimated procurement and construction cost of SR 747 million. Total expenditures incurred up till March 31, 2019 amounted to SR 742.8 million (December 31, 2018: SR 721.7 million) in relation to this project. The project was mechanically completed during 2018.

The Board of Directors approved in their meeting held on 6 Rabi Alawwal 1438H (corresponding to December 5, 2016) a reliability project for SAFCO III at the Company's complex in Al-Jubail Industrial City with an estimated procurement and construction cost of SR 461 million. Additional funds were approved by the Board of Directors amount to SR 51 million in the meeting held on 14 Muharram 1439H (corresponding to October 4, 2017). Total expenditures incurred up till March 31, 2019 amounted to SR 428.4 million (December 31, 2018: SR 396.1 million) in relation to this project. The project is expected to be completed in 2019.

Moreover, the Board of Directors approved future capital expenditure in relation to other projects with amount of SR 359.90 million (December 31, 2018: SR 339.23 million).

11. APPROPRIATION OF NET INCOME AND DIVIDENDS DISTRIBUTIONS

On 9 Rabi II 1440H (corresponding to December 16, 2018), the Company recommended to the Board of Directors to approve an interim cash dividend amounting to SR 1.5 per share (SR 625 million in total) for the second half of 2018. The proposed dividends were approved on 2 Sha'ban 1440H (corresponding to April 7, 2019) and have not been included as a liability in these financial statements.

On 25 Ramadan 1439H (corresponding to June 9, 2018), the Board of Directors approved to distribute an interim cash dividend amounting to SR 1 per share (SR 416.67 million in total) for the first half of 2018. Dividends were available for distribution to shareholders on August 8, 2018.

12. SUBSEQUENT EVENTS

In the opinion of management, there have been no significant subsequent events since the period ended March 31, 2019 that would have a material impact on the financial position of the Company as reflected in these interim condensed financial statements.