

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (UNAUDITED) AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE AND SIX MONTH PERIOD ENDED
JUNE 30, 2021

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30,2021

INDEX	PAGE
Independent auditor's review report on condensed consolidated interim financial statements	1
Condensed consolidated interim statement of financial position	2
Condensed consolidated interim statement of profit or loss and other comprehensive income	3
Condensed consolidated interim statement of changes in equity	4
Condensed consolidated interim statement of cash flows	5
Notes to the condensed consolidated interim financial statements	6 – 14

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM 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 June 30, 2021 and the related interim condensed consolidated statements of profit or loss and the other comprehensive income for the three-month and six month periods ended June 30, 2021, and the related condensed consolidated interim statements of changes of shareholders' equity and cash flows for the six-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 condensed consolidated interim 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 condensed consolidated interim 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



August 08, 2021
Dhul Hijjah 29, 1442

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	June 30, 2021	December 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	689,724	718,387
Deferred cost		35,829	38,471
Investment properties		70,221	71,326
Investments at fair value through other comprehensive income	5	145,563	128,120
Long term prepaid employees' benefit		114,395	117,582
Total non-current assets		1,055,732	1,073,886
Current assets			
Inventories		63,747	72,698
Long Term Prepaid Employees' Benefit – Current Portion		5,441	5,475
Trade receivables		120,718	88,190
Advances, prepayments and other receivables		41,090	26,182
Cash and cash equivalents		19,059	6,163
Total current assets		250,055	198,708
TOTAL ASSETS		1,305,787	1,272,594
EQUITY AND LIABILITIES			
Equity			
Share capital		235,200	235,200
Other reserves		118,734	101,298
Accumulated losses		(27,426)	(46,968)
Treasury shares		(2,911)	(2,911)
Total equity		323,597	286,619
LIABILITIES			
Non-current liabilities			
Long term loans – non-current portion	6	471,195	33,443
Employees' end of service benefits		41,640	43,654
Lease Liabilities - non-current	7	10,169	11,236
Total non-current liabilities		523,004	88,333
Current liabilities			
Long term loans – current portion	6	194,851	662,970
Short term loans	6	34,379	43,840
Lease Liabilities – current	7	1,297	1,678
Trade and other payables		118,318	109,140
Provision for zakat		31,611	29,534
Accrued expenses and other liabilities – current portion		78,730	50,480
Total current liabilities		459,186	897,642
Total liabilities		982,190	985,975
TOTAL EQUITY AND LIABILITIES		1,305,787	1,272,594

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)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2021
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Period from April 1 to June 30,		Period from January 1 to June 30,	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Revenue	10	122,832	104,544	285,648	224,567
Cost of revenue		(93,922)	(93,057)	(222,735)	(203,506)
Gross profit		28,910	11,487	62,913	21,061
Selling and distribution expenses		(9,270)	(6,477)	(19,222)	(12,612)
General and administrative expenses		(10,165)	(4,120)	(21,380)	(14,125)
Operating profit / (loss)		9,475	890	22,311	(5,676)
Finance charges		(2,473)	(4,086)	(6,214)	(8,864)
Investment income, net		-	11		3,520
Other income / (expense), net		3,609	1,091	5,522	2,842
Profit / (loss) before zakat		10,611	(2,094)	21,619	(8,178)
Zakat		(1,038)	(1,243)	(2,077)	(2,486)
Net profit / (loss) for the period		9,573	(3,337)	19,542	(10,664)

Other comprehensive income:

Items that will not be reclassified to profit or loss:

Change in fair value of equity instruments at fair value through other comprehensive income	6,817	19,248	17,443	(9,424)
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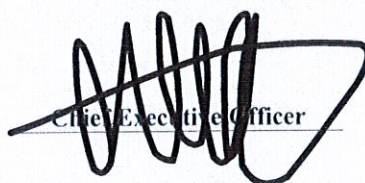
Items that may be reclassified to profit or loss:

Exchange differences on translation of foreign operations	3	(4)	(7)	(4)
Total other comprehensive income / (loss) for the period	6,820	19,244	17,436	(9,428)
Total comprehensive income / (loss) for the period	16,393	15,907	36,978	(20,092)

Earning / (Loss) per share:

- Basic	12	0.410	(0.143)	0.837	(0.457)
- Diluted	12	0.407	(0.140)	0.831	(0.453)


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)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021
(All amounts in Saudi Riyals thousands unless otherwise stated)

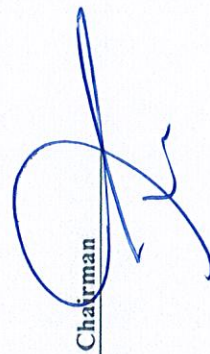
	Share Capital	Other reserves	Accumulated losses	Treasury Shares	Total equity
Balance at January 1, 2020 (Audited)	235,200	84,763	(10,633)	(2,911)	306,419
Net loss for the period	-	-	(10,664)	-	(10,664)
Other comprehensive loss for the period	-	(9,428)	-	-	(9,428)
Total comprehensive loss for the period	-	(9,428)	(10,664)	-	(20,092)
Balance at June 30, 2020 (Unaudited)	235,200	75,335	(21,297)	(2,911)	(286,327)
Balance at January 1, 2021 (Audited)	235,200	101,298	(46,968)	(2,911)	286,619
Net profit for the period	-	-	19,542	-	19,542
Other comprehensive income for the period	-	17,436	-	-	17,436
Total comprehensive income for the period	-	17,436	19,542	-	36,978
Balance at June 30, 2021 (Unaudited)	235,200	118,734	(27,426)	(2,911)	323,597



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)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021
(All amounts in Saudi Riyals thousands unless otherwise stated)

	June 30, 2021	Jun 30, 2020
	(Unaudited)	
Cash flows from operating activities		
Profit / (loss) for the period	19,542	(10,664)
Adjustments for non-cash items:		
Depreciation on operating fixed assets	30,324	28,940
Amortisation of deferred cost of Villa development	1,241	-
Amortization of Advance Rent	-	10,350
Provision for zakat	2,077	2,486
Dividend Income	(2,506)	-
Finance cost, net	4,039	8,864
Settlement of long term prepaid employee benefits	3,221	2,791
Gain on sale of operating fixed assets	-	(310)
Provision for employees' end of service benefits	1,666	1,461
	59,604	43,918
Working capital adjustments:		
Inventories	8,951	(14,005)
Trade receivables	(32,528)	24,363
Advances, prepayments and other receivables	(14,908)	(7,280)
Trade and other payables	9,181	11,637
Accrued expenses and other liabilities	25,798	(18,151)
Cash generated from operations	56,098	40,482
Finance cost paid	(1,163)	(9,011)
Employees' end of service benefits paid	(3,680)	(353)
Net cash generated from operating activities	51,255	31,118
Cash flows from investing activities		
Dividend income received	2,506	-
Additions to property, plant and equipment	(676)	(1,108)
Additions to ROU	(94)	-
Proceeds from sale of property, plant and equipment	1,614	431
Net cash generated from (used in) investing activities	3,350	(677)
Cash flows from financing activities		
Changes in short term loans	(9,461)	(5,211)
Lease liabilities settled	(1,903)	(2,050)
Repayment of long term loans	(30,338)	(15,087)
Net cash used in financing activities	(41,702)	(22,348)
Net change in cash and cash equivalents	12,903	8,093
Exchange differences on translation of foreign operations	(7)	(4)
Cash and cash equivalents at January 01,	6,163	24,381
Cash and cash equivalents at June 30,	19,059	32,470
Non cash transactions:		
Change in fair value of investments	17,443	(9,424)

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 SIX MONTHS PERIOD ENDED JUNE 30, 2021

(All amounts in Saudi Riyals thousands unless otherwise stated)

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 June 30, 2021, the current liabilities of the Group exceeded its current assets by SR 209.13 million (December 31, 2020: SR 698.93 million) mainly on account of current portion of SIDF's long term loan amounting to SR 137.90 million (December 31, 2020: SR 596.3 million). On April 01, 2021, the Group has received a letter from Saudi Industrial Development Fund (SIDF) stating that the fund has rescheduled the loan with one payment in 2021 and the balance to be repaid in unequal installments from year 2023 till year 2027.

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 have not 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.

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.

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 register 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.

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

(All amounts in Saudi Riyals thousands unless otherwise stated)

1. ORGANIZATION AND ACTIVITIES (Continued)

1.1 Structure of the group (Continued)

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 six months period ended June 30, 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.

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.

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2021 and has been explained in the Group annual consolidated financial statement.

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

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.

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

(All amounts in Saudi Riyals thousands unless otherwise stated)

4. PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Operating fixed assets	4.1	678,306	706,127
Right of use assets	4.2	11,418	12,260
		<u>689,724</u>	<u>718,387</u>

4.1 Operating fixed assets

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cost:		
At the beginning of the period / year	2,210,874	2,204,948
Additions for the period / year	676	19,732
Disposals for the period / year	-	(391)
Transfers for the period / year	(1)	(13,415)
At the end of the period / year	<u>2,211,549</u>	<u>2,210,874</u>
Accumulated depreciation:		
At the beginning of the period / year	845,069	792,701
Disposals for the period / year	-	(270)
Transfers for the period / year	-	(922)
Charge for the period / year	28,496	53,560
At the end of the period / year	<u>873,565</u>	<u>845,069</u>
Accumulated impairment:		
At the beginning of the period / year	659,678	659,678
Charge for the period / year	-	-
At the end of the period / year	<u>659,678</u>	<u>659,678</u>
Net book value:		
At the end of period / year	<u>678,306</u>	<u>706,127</u>

4.2 Right of use

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

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Right of use assets:		
Land	10,286	10,939
Pipeline	697	787
Vehicles	352	534
Computers	83	-
	<u>11,418</u>	<u>12,260</u>

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

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Opening balance	12,260	14,490
Addition for the period / year	94	-
Depreciation for the period / year	(936)	(2,230)
Closing balance	<u>11,418</u>	<u>12,260</u>

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2021	December 31, 2020
Balance at the beginning of the year	128,120	112,080
Fair value gain for the period / year	17,443	16,040
Balance at the end of the period/ year	<u>145,563</u>	<u>128,120</u>

6. 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

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
SIDF Loan (note 6.1)	599,185	596,279
Tawarruq financing (note 6.2)	54,920	77,313
Murabaha loans (note 6.3)	<u>11,941</u>	<u>22,821</u>
	666,046	696,413
Less: current portion	<u>(194,851)</u>	<u>(662,970)</u>
Long term loans – non-current portion	<u>471,195</u>	<u>33,443</u>

6.1 SIDF Loan

On April 01, 2021, the Group has received a letter from Saudi Industrial Development Fund (SIDF) stating that the fund has rescheduled the loan with one payment in 2021 and the balance to be repaid in unequal installments from year 2023 till year 2027.

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.

6.2 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.

6.3 Murabaha loans

This loan includes two loan tranches obtained from Saudi British 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 Saudi British 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.

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

(All amounts in Saudi Riyals thousands unless otherwise stated)

7. LEASE LIABILITIES

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance at the beginning of period / year	12,914	14,702
Additions for the period / year	94	-
Interest accrued during the period / year	360	797
Liabilities paid during the period / year	(1,902)	(2,585)
Balance at the end of period / year	11,466	12,914
Less: current lease liabilities	(1,297)	(1,678)
Non-current lease liabilities	10,169	11,236

8. CONTINGENCIES AND COMMITMENTS

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

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Letters of credit	34,686	9,765
Letters of guarantee	8,411	8,811

9. 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 June 30, 2021 (Unaudited)	For the three months Ended June 30, 2020 (Unaudited)	For the Six months Ended June 30, 2021 (Unaudited)	For the Six months Ended June 30, 2020 (Unaudited)
Short term benefits	1,165	1,512	2,163	2,239
Employees' end of service benefits	45	60	87	121
Board remuneration	746	970	1,251	1,225
	1,956	2,542	3,501	3,585

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

(All amounts in Saudi Riyals thousands unless otherwise stated)

10. 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
For the six months ended June 30, 2021					
Revenue	157,291	122,673	(4,799)	10,483	285,648
Net profit	7,108	5,087	3,732	3,615	19,542
Total assets	520,687	524,953	-	260,147	1,305,787
Total liabilities	381,854	486,007	-	114,329	982,190
For the six months ended June 30, 2020					
Revenue	135,226	81,177	(2,266)	10,430	224,567
Net (loss) / profit	(10,487)	(4,979)	201	4,601	(10,664)
Total assets	504,949	523,595	-	239,307	1,267,851
Total liabilities	373,603	463,466	-	144,455	981,524

Reconciliation of net loss of operating segments

	June 30, 2021	June 30, 2020
Segment profit	15,810	(10,865)
Inter-segment profit elimination	3,732	(201)
Net profit / (loss) for the period	19,542	(10,664)

Geographical Information

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

	June 30, 2021	June 30, 2020
Revenue		
Saudi Arabia	128,386	108,974
Other countries	157,262	115,593
Total Revenue	285,648	224,567
Non-Current Assets		
Saudi Arabia	1,066,360	1,055,199

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

(All amounts in Saudi Riyals thousands unless otherwise stated)

11. 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>June 30, 2021</u>						
Financial assets – (Unaudited)						
Investments – FVTOCI	145,563	145,563	145,563	-	-	145,563
<u>December 31, 2020</u>						
Financial assets - (Audited)						
Investments – FVTOCI	128,120	128,120	128,120	-	-	128,120
Net change in fair value	17,443	17,443	17,443	-	-	17,443

12. PROFIT / (LOSS) PER SHARE

	For the six- months ended June 30, 2021 (Unaudited)	For the six- months ended June 30, 2020 (Unaudited)
Net Profit / (Loss) for the period attributable to the shareholders of the Group	19,542	(10,664)
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
Profit / (Loss) per share		
Basic profit / (loss) per share	0.837	(0.457)
Diluted profit / (loss) per share	0.831	(0.453)

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

	For the six- month ended June 30, 2021 (Unaudited)	For the six- month ended June 30, 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 SIX MONTHS PERIOD ENDED JUNE 30, 2021

(All amounts in Saudi Riyals thousands unless otherwise stated)

13. 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.

14. 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 June 30, 2021 is as follows;

The calculation of net debt was as follows;

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash and cash equivalents	(19,059)	(6,163)
Borrowings	700,425	740,253
Lease liabilities	11,466	12,914
Net debt	692,832	747,004

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

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Total debt	711,891	753,167
Less: Cash and bank balances	(19,059)	(6,163)
Net debt	692,832	747,004
Total Equity	323,597	286,619
Total capital employed	1,016,429	1,033,623
Gearing ratio	68%	72%
Net debt to equity ratio	214%	261%

15. BOARD OF DIRECTORS APPROVAL

These condensed consolidated interim financial statements have been approved and authorized for issue by the Group's Board of Directors on 08 August 2021.