

Sahara International Petrochemical Company
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three month period ended 31 March 2023
With Independent Auditor's Review Report

**SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023**

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Report on review of condensed consolidated interim financial statements

To the shareholders of Sahara International Petrochemical Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Sahara International Petrochemical Company (the "Company") and its subsidiaries (collectively the "Group") as of 31 March 2023 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with the International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as 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 independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Ali H. Al Basri', is written over a horizontal line.

Ali H. Al Basri
License Number 409

30 April 2023

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

	Note	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	6	11,789,963	11,944,009
Right-of-use assets		102,968	104,635
Intangible assets		581,864	553,087
Goodwill		630,483	630,483
Investments in equity accounted investees	7	4,011,267	3,960,481
Long term investments		190,001	190,926
Deferred tax assets		4,932	4,932
Long term prepaid employees' benefits		620,487	632,982
Other non-current assets		32,078	30,536
Total non-current assets		17,964,043	18,052,071
Current assets			
Inventories		1,284,805	1,398,550
Trade receivables	9	1,180,626	1,172,378
Prepayments and other current assets		250,810	246,353
Short term investments	12	462,500	150,019
Cash and cash equivalents		2,652,181	2,455,935
Total current assets		5,830,922	5,423,235
Total assets		23,794,965	23,475,306
Equity and liabilities			
Share capital		7,333,333	7,333,333
Share premium		4,042,639	4,059,262
Treasury shares		(98,807)	(92,261)
Statutory reserve		1,971,650	1,971,650
Other reserves		(354,634)	(355,887)
Retained earnings		3,361,500	2,891,166
Equity attributable to the equity holders of the parent company		16,255,681	15,807,263
Non-controlling interests		995,719	929,560
Total equity		17,251,400	16,736,823
Liabilities			
Non-current liabilities			
Long term borrowings	8	2,767,206	3,049,133
Contractual liabilities		41,632	42,788
Lease liabilities		134,365	135,169
Employees' benefits		603,537	587,276
Deferred tax liabilities		55,839	55,839
Decommissioning liability		140,583	138,842
Other non-current liabilities		8,556	8,556
Total non-current liabilities		3,751,718	4,017,603

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SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

	Note	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
Current liabilities			
Current portion of long term borrowings	8	235,564	284,385
Short term borrowings	8	196,875	-
Current portion of contractual liabilities		134,675	135,239
Current portion of lease liabilities		5,009	3,679
Trade and other payables		235,663	251,003
Accrued expenses and other current liabilities		1,008,010	1,052,463
Provision for precious metals		452,966	505,058
Zakat and income tax payable	5	523,085	489,053
Total current liabilities		2,791,847	2,720,880
Total liabilities		6,543,565	6,738,483
Total equity and liabilities		23,794,965	23,475,306

The condensed consolidated interim financial statements were approved by the Board of Directors of the Company on 26 Ramadan 1444H (corresponding to 17 April 2023) and have been signed on their behalf by:



Khalid Abdullah Al-Zamil
Chairman of the Board



Abdullah Saif Al-Saadoon
Chief Executive Officer



Rushdi Khalid Al-Dulaijan
Vice President, Finance

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

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

	Note	Three months from 1 January to 31 March 2023 (Unaudited)	Three months from 1 January to 31 March 2022 (Restated - Note 14) (Unaudited)
Revenue	3	2,087,307	2,348,113
Cost of revenues		(1,332,392)	(1,026,770)
Gross profit		754,915	1,321,343
Selling and distribution expenses		(94,546)	(59,740)
General and administrative expenses		(99,320)	(112,459)
Operating profit		561,049	1,149,144
Share of profit from equity accounted investees		42,650	114,542
Finance income		19,017	12,631
Finance cost		(66,495)	(58,959)
Other income, net		14,303	2,362
Profit before zakat and income tax		570,524	1,219,720
Zakat		(19,483)	(34,813)
Income tax		(14,548)	(19,005)
Profit for the period		536,493	1,165,902
Profit is attributable to:			
Equity holders of the parent company		470,334	1,078,818
Non-controlling interests		66,159	87,084
Profit for the period		536,493	1,165,902
Earnings per share (Saudi Riyals):			
Basic earnings per share	13	0.65	1.48
Diluted earnings per share	13	0.64	1.47



Khalid Abdullah Al- Zamil
Chairman of the Board



Abdullah Saif Al-Saadoon
Chief Executive Officer



Rushdi Khalid Al-Dulaijan
Vice President, Finance

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SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

	Three months from 1 January to 31 March 2023 (Unaudited)	Three months from 1 January to 31 March 2022 (Restated - Note 14) (Unaudited)
Profit for the period	<u>536,493</u>	<u>1,165,902</u>
Other comprehensive income / (loss)		
<i>Items that will be reclassified to profit or loss in subsequent periods:</i>		
Exchange difference on translation of foreign operations	57	(95)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>		
Changes in the fair value of financial assets at fair value through other comprehensive income	<u>98</u>	<u>3,238</u>
Total other comprehensive income for the period	<u>155</u>	<u>3,143</u>
Total comprehensive income for the period	<u>536,648</u>	<u>1,169,045</u>
Total comprehensive income is attributable to:		
Equity holders of the parent company	470,489	1,081,961
Non-controlling interests	<u>66,159</u>	<u>87,084</u>
Total comprehensive income for the period	<u>536,648</u>	<u>1,169,045</u>

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Khalid Abdullah Al- Zamil
Chairman of the Board



Abdullah Saif Al-Saadoon
Chief Executive Officer



Rushdi Khalid Al-Dulaijan
Vice President, Finance

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**SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED**

	Attributable to the equity holders of the parent company					Non- controlling interests	Total
	Share capital	Share premium	Treasury shares	Statutory reserve	Other reserves		
As at 1 January 2023 (Audited)	7,333,333	4,059,262	(92,261)	1,971,650	(355,887)	2,891,166	15,807,263
Profit for the period (Unaudited)	-	-	-	-	-	470,334	470,334
Other comprehensive income for the period (Unaudited)	-	-	-	-	155	-	155
Total comprehensive income for the period (Unaudited)	-	-	-	-	155	470,334	470,489
Purchase of treasury shares (Unaudited)	-	(16,623)	(6,546)	-	-	-	(23,169)
Net change in other reserves (Unaudited)	-	-	-	-	1,098	-	1,098
As at 31 March 2023 (Unaudited)	7,333,333	4,042,639	(98,807)	1,971,650	(354,634)	3,361,500	16,255,681
						995,719	17,251,400

	Attributable to the equity holders of the parent company					Non- controlling interests (Restated - Note 14)	Total
	Share capital	Share premium	Treasury shares	Statutory reserve	Other reserves		
As at 1 January 2022 (Audited)	7,333,333	4,134,529	(67,949)	1,612,121	(440,866)	2,013,981	14,585,149
Profit for the period (Unaudited)	-	-	-	-	-	1,078,818	1,078,818
Other comprehensive income for the period (Unaudited)	-	-	-	-	3,143	-	3,143
Total comprehensive income for the period (Unaudited)	-	-	-	-	3,143	1,078,818	1,081,961
Net change in other reserves (Unaudited)	-	-	-	-	1,179	-	1,179
Dividends (Unaudited)	-	-	-	-	-	-	-
As at 31 March 2022 (Unaudited)	7,333,333	4,134,529	(67,949)	1,612,121	(436,544)	3,092,799	15,668,289
						1,163,820	16,832,109

Khalid Abdullah Al-Zamil
Chairman of the Board

Abdullah Saif Al-Saadoon
Chief Executive Officer

Rushdi Khafif Al-Dulajjan
Vice President, Finance

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SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

	Note	Three months from 1 January to 31 March 2023 (Unaudited)	Three months from 1 January to 31 March 2022 (Restated - Note 14) (Unaudited)
Cash flow from operating activities			
Profit before zakat and income tax for the period		570,524	1,219,720
<i>Non-cash adjustments to reconcile profit before zakat and income tax to net cash flows:</i>			
Depreciation		200,976	185,184
Amortization of intangible assets and deferred costs		21,602	28,936
Amortization of contractual liabilities		(1,720)	(3,686)
Share of profit from a joint venture and associates		(42,650)	(114,542)
Provision for employees' benefits		17,377	17,068
Provision for precious metals		(52,092)	6,700
Loss on disposal of property, plant and equipment		52	-
Net foreign exchange difference		2,851	(492)
Fair value loss on investments		925	-
Finance income		(19,017)	(7,847)
Finance cost		66,495	60,281
		<u>765,323</u>	<u>1,391,322</u>
Changes in:			
Trade receivables		(8,248)	414,415
Inventories		113,745	(145,192)
Prepayments and other current assets		1,949	(23,259)
Trade payables, accrued expenses and other current liabilities		(75,697)	5,092
Long term prepaid employees' benefits		6,036	20,194
		<u>803,108</u>	<u>1,662,572</u>
Cash flows from operations		<u>(5,651)</u>	<u>(8,482)</u>
Net cash generated from operating activities		<u>797,457</u>	<u>1,654,090</u>
Cash flow from Investing activities			
Additions to property, plant and equipment	6	(88,625)	(116,139)
Additions to intangibles		(1,020)	(10,497)
Maturity of long term investments		-	30,114
Placements in short term investments		(462,500)	(50,000)
Redemption of short term investments		151,118	-
Finance Income received		12,611	6,892
		<u>(388,416)</u>	<u>(139,630)</u>

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SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

	Note	Three months from 1 January to 31 March 2023 (Unaudited)	Three months from 1 January to 31 March 2022 (Restated - Note 14) (Unaudited)
Cash flow from financing activities			
Repayment of long term borrowings		(330,966)	(374,485)
Proceeds from short term borrowings	8	196,875	-
Loan given to a joint venture		(9,375)	-
Purchase of treasury shares		(23,169)	-
Dividend paid to shareholders		-	(60,193)
Finance cost paid		(41,686)	(73,570)
Payment of lease liabilities		(1,680)	(1,542)
Net cash used in financing activities		(210,001)	(509,790)
Net increase in cash and cash equivalents			
Cash and cash equivalents at 1 January		199,040	1,004,670
Effect of exchange rate fluctuations		2,455,935	2,690,390
		(2,794)	397
Cash and cash equivalents at 31 March		2,652,181	3,695,457

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Khalid Abdullah Al- Zamil
Chairman of the Board



Abdullah Saif Al-Saadoon
Chief Executive Officer



Rushdi Khalid Al-Dulaijan
Vice President, Finance

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

**SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED**

1. CORPORATE INFORMATION

Sahara International Petrochemical Company ("Sipchem" or "the Company"), is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia ("KSA") under commercial registration number 2051023922 dated 30 Shawwal 1420H, corresponding to 6 February 2000G. The Company's registered head office is in Al-Khobar, with a branch in the city of Riyadh having commercial registration number 1010156910 dated 14 Ramadan 1420H, corresponding to 22 December 1999G, and another branch in Jubail Industrial City having commercial registration number 2055007570 dated 4 Jumada Al-Awal, 1427H, corresponding to 1 June 2006G.

The Company's principal place of business is in Al Jubail, Kingdom of Saudi Arabia.

The principal activities of the Company are to own, establish, operate and manage industrial projects especially those related to chemical and petrochemical industries. The Company has the following subsidiaries (the Company and its subsidiaries hereinafter collectively referred to as "the Group"):

Subsidiaries	Country of incorporation and principal place of business	Effective ownership percentage at	
		31 March 2023	31 December 2022
Sahara Petrochemicals Company ("Sahara")	Saudi Arabia	100%	100%
International Methanol Company ("IMC")	Saudi Arabia	65%	65%
International Diol Company ("IDC")	Saudi Arabia	100%	100%
International Acetyl Company ("IAC")	Saudi Arabia	100%	97%
International Vinyl Acetate Company ("IVC")	Saudi Arabia	100%	97%
International Gases Company ("IGC")	Saudi Arabia	100%	97%
Sipchem Marketing Company ("SMC")	Saudi Arabia	100%	100%
Sahara Marketing Company ("SaMC")	Saudi Arabia	100%	100%
Sipchem Europe Cooperative U.A	Netherlands	100%	100%
Sipchem Europe B.V.	Netherlands	100%	100%
Sipchem Europe SA	Switzerland	100%	100%
Sipchem Asia PTE Ltd.	Singapore	100%	100%
International Utility Company ("IUC")	Saudi Arabia	93%	93%
International Polymers Company ("IPC")	Saudi Arabia	75%	75%
Sipchem Chemical Company ("SCC")	Saudi Arabia	100%	100%
Saudi Specialized Products Company ("SSPC")	Saudi Arabia	100%	100%
Saudi Advanced Technologies Company ("SAT")	Saudi Arabia	100%	100%

The principal activities of the subsidiaries include production of petrochemical products, industrial gases, manufacturing of metal equipment and spare parts, provision of industrial utilities to the Group companies and provision of marketing services for the products manufactured by the Group companies.

1.1. Joint operation

The Company, through its subsidiary Sahara, holds 75% equity interest in Al-Waha Petrochemicals Company ("Al-Waha"), a joint operation which is primarily involved in manufacturing of Polypropylene. Al-Waha commenced its commercial operations in 2011.

**SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED**

1.2. Equity accounted investees

The Group also holds equity interests in following joint ventures and associates, incorporated and operating in the Kingdom of Saudi Arabia, which are primarily involved in manufacturing of petrochemical and other industrial products:

	Effective ownership percentage at	
	31 March 2023	31 December 2022
Joint ventures		
Sahara and Ma'aden Petrochemicals Company ("SAMAPCO")	50%	50%
Gulf Advanced Cable Insulation Company ("GACI")	50%	50%
Linde Sipchem Industrial Gases Company ("LSIG")	50%	50%
Associates		
Tasnee and Sahara Olefins Company ("TSOC")	32.55%	32.55%
Saudi Acrylic Acid Company ("SAAC")	43.16%	43.16%
Khair Inorganic Chemicals Industries Company ("Inochem")	30%	30%

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance

These condensed consolidated interim financial statements ("Interim Financial Statements") have been prepared in accordance with IAS 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA"), and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2022 ("Last Annual Financial Statements"). They do not include all of the information required for a complete set of International Financial Reporting Standards ("IFRS") financial statements. However, changes in accounting policies (if any) and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the Last Annual Financial Statements.

2.2. Basis of preparation

These condensed consolidated interim financial statements have been prepared on a historical cost basis, using accrual basis of accounting, except for the following material items in the condensed consolidated statement of financial position:

- Investment in equity securities and certain financial assets measured at fair value; and
- The defined benefit obligation for employees' end of service liability is recognised using the projected unit credit method.

2.3. Use of judgements and estimates

In preparing these 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. There are no significant changes in judgements and estimates used by management in the preparation of the Interim Financial Statements from those that were applied and disclosed in the Last Annual Financial Statements.

2.4. Significant accounting policies

The accounting policies applied in these Interim Financial Statements are the same as those applied in the Last Annual Financial Statements.

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

2.5. SUMMARY OF CHANGES IN SIGNIFICANT ACCOUNTING POLICIES DUE TO NEW STANDARDS

(a) *New and amended standards adopted by the Group*

The Group has applied the following amendments for their reporting period commencing 1 January 2023:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Definition of Accounting Estimates – (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) *New standards and interpretations not yet adopted*

There are no new accounting standards, amendments to accounting standards and interpretations that have been issued but not yet adopted by the Group.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group's operations and main revenue streams are those described in the Last Annual Financial Statements.

	Three months from 1 January to 31 March 2023 (Unaudited)	Three months from 1 January to 31 March 2022 (Unaudited)
Primary geographical markets		
Foreign countries	1,794,801	2,168,381
Kingdom of Saudi Arabia	292,506	179,732
	<u>2,087,307</u>	<u>2,348,113</u>
Timing of revenue recognition		
Revenue recognised at a point in time	2,081,918	2,345,069
Revenue recognised over time	5,389	3,044
	<u>2,087,307</u>	<u>2,348,113</u>

Contract balances

The following table provides information about receivables, contract assets and contractual liabilities from contracts with customers:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Receivables included in trade receivables	1,179,652	1,171,261
Contract assets included in trade receivables	974	1,117
Contractual liabilities	<u>176,307</u>	<u>178,027</u>

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

4. SEGMENT INFORMATION

The Group has the following operating segments:

- **Basic chemicals**, which includes Methanol, Butane products and Carbon monoxide.
- **Intermediate chemicals**, which includes Acetic acid, Vinyl acetate monomer, Ethyl acetate, Butyl acetate, and utilities.
- **Polymers**, which includes Low-density polyethylene, polyvinyl acetate, polyvinyl alcohol, Polybutylene terephthalate, and electrical connecting wire products. This segment also includes polypropylene.
- **Trading**, which includes trading revenues of Sipchem Marketing Company and its foreign subsidiaries as defined in Note 1.
- **Corporate and others**, which includes Sipchem, EVA films and Tool manufacturing plant. This segment also includes Sahara's enabling functions and support activities.

Three month period ended 31 March 2023 (Unaudited)

	Basic chemicals	Intermediate chemicals	Polymers	Trading	Corporate and others	Inter segment transaction elimination	Total
Revenue							
External customers	548,705	569,363	746,819	200,513	21,907	-	2,087,307
Inter-segment	105,677	248,768	-	1,276,061	10,281	(1,640,787)	-
Total revenue	654,382	818,131	746,819	1,476,574	32,188	(1,640,787)	2,087,307
Gross profit	327,462	115,799	168,018	63,755	6,363	73,518	754,915
Operating profit / (loss)	301,894	94,100	133,571	45,905	(8,244)	(6,177)	561,049
Share of profit from equity accounted investees	-	-	-	-	42,650	-	42,650
Profit before zakat and tax	289,970	85,235	103,281	46,113	78,721	(32,796)	570,524
Total assets	3,556,172	5,420,191	6,959,597	1,716,611	27,574,789	(21,432,395)	23,794,965
Total liabilities	1,100,982	1,207,901	2,660,788	1,119,872	3,952,700	(3,498,678)	6,543,565

Three month period ended 31 March 2022 (Unaudited)

	Basic chemicals	Intermediate chemicals	Polymers	Trading	Corporate and others	Inter segment transaction elimination	Total
Revenue							
External customers	742,446	793,858	652,582	156,183	3,044	-	2,348,113
Inter-segment	130,754	387,154	-	1,778,983	-	(2,296,891)	-
Total revenue	873,200	1,181,012	652,582	1,935,166	3,044	(2,296,891)	2,348,113
Gross profit / (loss)	647,396	496,047	147,957	83,769	(6,305)	(47,521)	1,321,343
Operating profit / (loss)	592,250	432,551	113,966	69,055	(23,691)	(34,987)	1,149,144
Share of profit from equity accounted investees	-	-	-	-	114,542	-	114,542
Profit before zakat and tax	582,320	412,180	99,648	68,821	119,076	(62,325)	1,219,720
Total assets	3,962,243	6,144,156	7,108,704	1,941,566	27,986,620	(21,906,262)	25,237,027
Total liabilities	1,600,193	1,681,638	3,040,288	1,466,341	4,877,398	(4,291,895)	8,373,963

Segment performance is evaluated based on profit or loss before zakat and tax and is measured consistently with profit or loss before zakat and tax in these Interim Financial Statements.

Revenue recognised over time amounting to Saudi Riyals 5.4 million (2022: Saudi Riyals 3.0 million) and is included in "corporate and others" segment.

SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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Revenue by geography and segment

	For the three month period ended 31 March 2023 (Unaudited)					
	Basic chemicals	Intermediate chemicals	Polymers	Marketing	Corporate and others	Total
Revenue:						
Foreign countries	459,419	569,363	746,819	2,682	16,518	1,794,801
Kingdom of Saudi Arabia	89,286	-	-	197,831	5,389	292,506
Total revenue	548,705	569,363	746,819	200,513	21,907	2,087,307
	For the three month period ended 31 March 2022 (Unaudited)					
	Basic chemicals	Intermediate chemicals	Polymers	Marketing	Corporate and others	Total
Revenue:						
Foreign countries	716,730	793,858	652,582	2,167	3,044	2,168,381
Kingdom of Saudi Arabia	25,716	-	-	154,016	-	179,732
Total revenue	742,446	793,858	652,582	156,183	3,044	2,348,113

5. ZAKAT AND INCOME TAX

The Group is subject to zakat and income tax in accordance with the Zakat, Tax and Customs Authority ("ZATCA") regulations. Zakat and income tax computation involves relevant knowledge and judgment of the zakat and tax rules and regulations to assess the impact of zakat liability at a particular period end. This liability is considered an estimate until the final assessment by ZATCA has been completed until which the Group retains exposure to additional zakat and tax liability. Wherever necessary, the Group has recorded estimated additional zakat and income tax liability in respect of the following open assessments.

Status of zakat and income tax assessments

Sipchem has finalized its zakat status with ZATCA up to 2008 and received assessments for the years up to 2018 resulting in an additional aggregate liability of Saudi Riyals 148.3 million (31 December 2022: Saudi Riyals 148.3 million), which are still under various stages of appeal. Management believes that sufficient provisions are recorded, and no additional material liability is likely to arise from open assessments, once finalized.

Certain subsidiaries in KSA file their zakat and income tax returns individually. Some of these subsidiaries have received assessments for several years from the ZATCA, resulting in an additional aggregate liability amounting to Saudi Riyals 74.0 million (31 December 2022: Saudi Riyals 77.3 million). These subsidiaries have submitted appeals against these assessments and management believes sufficient provisions are recorded by the Group wherever necessary and no material additional liability is likely to arise from open assessments, once finalized.

6. PROPERTY, PLANT AND EQUIPMENT

a. Acquisitions and disposals

- During the three month period ended 31 March 2023, the Group acquired assets with a cost of Saudi Riyals 88.6 million (three month period ended 31 March 2022: Saudi Riyals 116.1 million).
- During the three month period ended 31 March 2023, assets with a carrying amount of Saudi Riyals 0.1 million (three month period ended 31 March 2022: Nil) were disposed of.

b. Capital work in progress

The Group's capital work-in-progress as at 31 March 2023 amounts to Saudi Riyals 918.3 million (as at 31 December 2022: Saudi Riyals 885.5 million) comprises mainly of costs related to plant turnarounds and other costs related to several projects for improvements and enhancements of operating plants.

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7. INVESTMENTS IN A JOINT VENTURE AND ASSOCIATES

	Note	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Investment in a joint venture		409,709	411,344
Investment in associates	7.1	3,601,558	3,549,137
		<u>4,011,267</u>	<u>3,960,481</u>

7.1. Investment in associates

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Tasnee and Sahara Olefins Company ("TSOC")	3,419,174	3,365,553
Khair Inorganic Chemical Industries Company ("Inochem")	182,384	183,584
	<u>3,601,558</u>	<u>3,549,137</u>

8. BORROWINGS

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Current portion of long-term borrowings		
Sharia compliant loans	223,664	272,883
Saudi Industrial Development Fund ("SIDF")	11,900	11,502
	<u>235,564</u>	<u>284,385</u>
Short term borrowings	196,875	-
Total current borrowings	<u>432,439</u>	<u>284,385</u>
Non-current borrowings		
Shari'a compliant loans	2,767,206	3,049,133
Total non-current borrowings	<u>2,767,206</u>	<u>3,049,133</u>
Total borrowings	<u>3,199,645</u>	<u>3,333,518</u>

The borrowings bear financial charges at Saudi Arabian Inter Bank Offered Rate ("SAIBOR") plus a specified fixed margin. During the three month period ended 31 March 2023, the Group repaid an amount of Saudi Riyals 331.0 million (31 March 2022: Saudi Riyals 374.5 million) related to Sharia compliant loans.

Short term borrowings relate to financing obtained by Al-Waha during the three month period ended 31 March 2023 amounting to Saudi Riyals 196.9 million to finance its working capital requirements. These borrowings bear financial charges at SAIBOR plus a specified fixed margin.

9. FINANCIAL INSTRUMENTS

The Group's principal financial assets include cash and cash equivalents, trade receivable, long term investments and certain other receivables that arise directly from its operations. The Group's principal financial liabilities comprise short and long term loans and borrowings, advances from partners and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations.

Fair value hierarchy

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated interim financial statements are categorised 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.

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

	Carrying amount	Fair value	Level 1	Level 2	Level 3
	As at 31 March 2023 (Unaudited)				
<u>Trade receivables</u>	1,157,586	1,157,586	-	1,157,586	-
<u>Long term investments</u>					
Listed mutual fund	34,500	34,500	34,500	-	-
Unlisted mutual fund	94,743	94,743	-	94,743	-
Equity shares	15,758	15,758	15,758	-	-
Total	1,302,587	1,302,587	50,258	1,252,329	-

	Carrying amount	Fair value	Level 1	Level 2	Level 3
	As at 31 December 2022 (Audited)				
<u>Trade receivables</u>	1,155,046	1,155,046	-	1,155,046	-
<u>Short term investments</u>					
Equity securities	20,019	20,019	20,019	-	-
<u>Long term investments</u>					
Listed mutual fund	37,050	37,050	37,050	-	-
Unlisted mutual fund	93,216	93,216	-	93,216	-
Equity shares	15,660	15,660	15,660	-	-
Total	1,320,991	1,320,991	72,729	1,248,262	-

10. COMMITMENTS AND CONTINGENCIES

- The capital expenditure contracted by the Group but not incurred till 31 March 2023 was approximately Saudi Riyals 320.8 million (31 December 2022: Saudi Riyals 263.2 million).
- At 31 March 2023, banks have issued guarantees and letters of credit on behalf of the Group amounting to Saudi Riyals 593.0 million (2022: Saudi Riyals 556.3 million).
- Also see Note 5 for details on zakat and income tax assessments.

11. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Company's shareholders, associates and their shareholders, joint arrangements and their shareholders, non-controlling interests, key management personnel, directors, and entities controlled, jointly controlled or significantly influenced by such parties. During the period, the Group transacted with and had balances with the following related parties

Name	Relationship
Japan Arabia Methanol Company Limited ("JAMC")	Shareholder of a subsidiary (non-controlling interest)
Hanwha Chemical Malaysia Sdn Bhd ("Hanwha")	Shareholder of a subsidiary (non-controlling interest)
SAMAPCO	Joint venture
LSIG	Joint venture
GACI	Joint venture
Basell Arabia Investments Limited and its associates ("Lyondell Basell")	Shareholder of a joint operation
Saudi Ethylene and Polyethylene Company ("SEPC")	Indirect associate

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a) Significant transactions with related parties other than key management personnel

Related party	Nature of transaction	For three month period ended 31 March 2023 (Unaudited)	For three month period ended 31 March 2022 (Unaudited)
Hanwha	Sales made to Hanwha	150,358	125,957
JAMC	Sales made to JAMC	79,573	33,950
SAMAPCO	Shared service cost charged to SAMAPCO	24,196	24,562
Lyondell Basell	Sales made to Lyondell Basell	100,644	94,140
	Shared services cost charged to Lyondell Basell	7,251	6,981
SEPC	Purchase of ethylene by Al-Waha	31,817	28,195
	Purchase of ethylene by IVC	115,372	152,856

The above transactions resulted in the following unsecured balances with related parties:

i) Trade receivables

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Lyondell Basell	178,450	186,433
Hanwha	101,179	85,665
JAMC	72,671	50,069
	352,300	322,167

ii) Prepayments and other current assets

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
SAMAPCO	38,751	37,594
Lyondell Basell	5,079	10,074
LSIG	925	925
GACI	352	-
	45,107	48,593

iii) Accrued expenses and other current liabilities

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
SAMAPCO	101,087	48,971
Lyondell Basell	53,135	54,024
Hanwha	5,883	7,299
GACI	5	-
	160,110	110,294

b) Key management personnel

Key management personnel of the Group comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation is as follows:

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Short-term employee benefits	2,800	2,593
End of service benefits	457	424
Thrift plan	319	295
Share based payment transactions	50	35
Total compensation related to key management personnel	3,626	3,347

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12. SHORT TERM INVESTMENTS

Short term investments represent deposits with commercial banks, carrying profit at prevailing market rates, having maturity of more than three months but less than a year from date of placement.

13. EARNINGS PER SHARE

Basic earnings per share for profit attributable to ordinary shareholders for the three month period ended 31 March 2023 and 2022 are computed based on the weighted average number of shares outstanding during such periods. Diluted earnings per share for profit attributable to ordinary shareholders for the three month period ended 31 March 2023 and 2022 (restated see note 14, as the dilutive impact of share based payments was not considered in the three month period ended 31 March 2022) are computed based on the weighted average number of shares outstanding during such periods adjusted for treasury shares.

	For three month period ended 31 March 2023 (Unaudited)	For three month period ended 31 March 2022 (Unaudited)
Profit for the year attributable to equity holders of parent company	470,334	1,078,818
Weighted average number of shares used in calculating basic earnings per share	725,122	727,162
Weighted average number of shares used in calculating dilutive earnings per share	733,333	733,333
Basic earnings per share	0.65	1.48
Diluted earnings per share	0.64	1.47

14. COMPARATIVE FIGURES

- a) During the three month period ended 31 December 2022, the Group re-assessed its position in relation to the control over GACI and concluded that GACI meets the definition of a joint venture and accordingly should be deconsolidated and accounted for under the equity method of accounting; and
- b) During the three month period ended 31 March 2023, the Group reclassified shipping and handling costs amounting to Saudi Riyals 61.4 million from "Selling and distribution expenses" to "Revenue" in the comparative consolidated statement of profit or loss based on the incoterms of the underlying transactions.

As a result of the above, to comply with the requirements of IFRS, management has restated the comparative 2022 condensed consolidated interim financial statements for the three month period ended 31 March 2022 as follows:

- i) **Condensed consolidated interim statement of profit or loss for the three month period ended 31 March 2022**

	Note	Previously reported	Adjustment	Restated
Revenue	b	2,409,475	(61,362)	2,348,113
Cost of revenues	a	(1,026,570)	(200)	(1,026,770)
Gross profit		1,382,905	(61,562)	1,321,343
Selling and distribution expenses	b	(121,102)	61,362	(59,740)
General and administrative expenses	a	(113,683)	1,224	(112,459)
Operating profit		1,148,120	1,024	1,149,144
Share of profit from equity accounted investees	a	115,704	(1,162)	114,542
Finance income	a	12,666	(35)	12,631
Finance cost	a	(60,281)	1,322	(58,959)
Other income, net	a	2,349	13	2,362
Profit before zakat and income tax		1,218,558	1,162	1,219,720
Profit for the period		1,164,740	1,162	1,165,902
Attributable to non-controlling interests		85,922	1,162	87,084
Diluted earnings per share	13	1.48	(0.01)	1.47

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ii) Condensed consolidated interim statement of comprehensive income for the three month period ended 31 March 2022

	Note	Previously reported	Adjustment	Restated
Profit for the period	a	1,164,740	1,162	1,165,902
Total comprehensive income for the period		1,167,883	1,162	1,169,045
Attributable to non-controlling interests		85,922	1,162	87,084

iii) Condensed consolidated interim statement of changes in equity for the three month period ended 31 March 2022

	Note	Previously reported	Adjustment	Restated
Non-controlling interests as at 1 January 2022	a	1,110,469	26,460	1,136,929
Non-controlling interests as at 31 March 2022	a	1,136,198	27,622	1,163,820

iv) Condensed consolidated interim statement of cash flows for the three month period ended 31 March 2022

The impact of the adjustments on the condensed consolidated interim statement of cash flows for the three month period ended 31 March 2022 was not material.

15. SUBSEQUENT EVENTS

No adjusting event occurred between 31 March 2023 and the date of approval of these condensed consolidated interim financial statements by the Board of Directors, which may have an impact on these condensed consolidated interim financial statements.