

National Gas and Industrialization Company (A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AND AUDITORS' REVIEW REPORT**

**FOR THE THREE- AND NINE-MONTHS PERIOD ENDED 30 SEPTEMBER
2021 (UNAUDITED)**

National Gas and Industrialization Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

As at 30 SEPTEMBER 2021

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Independent auditors' review report on the interim condensed consolidated financial statements to the shareholders of National Gas and Industrialization Company (A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Gas and Industrialization Company (A Saudi Joint Stock Company) (the "Company") and its subsidiary (collectively referred to as the "Group") as at 30 September 2021, and the related interim condensed consolidated statements of comprehensive income, for the three and nine month periods ended 30 September 2021, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

Except as described in the following paragraph, 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" 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 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.

Basis for Qualified Conclusion

Included in accrued expenses and other current liabilities is an unapplied collection account of SR 27.4 million (31 December 2020: SR 27.4 million). During 2020, the Company discovered that certain transactions totaling SR 25.7 million related to embezzlement transactions committed by a former employee, were routed through this account. These transactions were reversed as at 31 December 2020. Due to lack of information, other transactions in this account could not be traced and the closing balance not reconciled as at 30 September 2021. We were unable to satisfy ourselves with respect to the existence and completeness of this account, nor were we able to perform other alternative procedures. Accordingly, we are unable to determine if any adjustments may have been necessary on the balances as at 30 September 2021 and the results of operations for the period then ended and to the respective comparative figures.

**Independent auditors' review report on the interim condensed consolidated financial statements to the shareholders of National Gas and Industrialization Company
(A Saudi Joint Stock Company) - (continued)**

Qualified Conclusion

Based on our review, and except for any adjustments to the accompanying interim condensed consolidated financial statements that we might have become aware of had it not been for the matter described in the "Basis for Qualified Conclusion" section, 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 IAS 34 endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young



Abdulaziz A. Al-Sowailim
Certified Public Accountant
License No. (277)



Riyadh: 5 Rabi' al Thani 1443H
(10 November 2021)

National Gas and Industrialization Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

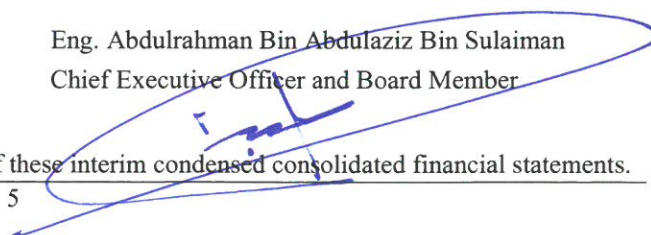
As at 30 SEPTEMBER 2021

	Note	30 September 2021 (Unaudited) SR	31 December 2020 (Audited) SR
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	674,739,439	633,521,175
Intangible assets		28,197,403	32,895,035
Investment properties		34,353,174	34,353,174
Right-of-use assets		1,895,679	3,401,454
Investments in associates	6	82,579,784	80,270,034
Financial assets held at FVOCI		671,402,356	665,158,145
Financial assets held at amortised cost		146,500,000	30,000,000
TOTAL NON-CURRENT ASSETS		1,639,667,835	1,479,599,017
CURRENT ASSETS			
Financial assets held at FVTPL		300,138,500	279,498,455
Inventories, net		168,577,758	157,748,632
Accounts receivable, net	7	31,370,959	45,481,461
Prepayments and other current assets		51,123,670	49,077,895
Cash and cash equivalents	8	144,678,873	277,111,159
TOTAL CURRENT ASSETS		695,889,760	808,917,602
TOTAL ASSETS		2,335,557,595	2,288,516,619
EQUITY AND LIABILITIES			
EQUITY			
Share capital		750,000,000	750,000,000
Statutory reserve		225,000,000	225,000,000
Retained earnings		108,686,476	44,448,445
Unrealized gains from investments at FVTOCI		552,202,863	545,958,651
TOTAL EQUITY		1,635,889,339	1,565,407,096
LIABILITIES			
NON-CURRENT LIABILITIES			
Term loan	9	110,081,169	143,641,682
Lease liabilities		649,298	2,241,877
Employees' defined benefits liabilities	10	146,452,000	156,481,393
TOTAL NON-CURRENT LIABILITIES		257,182,467	302,364,952
CURRENT LIABILITIES			
Trade payables		153,580,020	111,055,415
Lease liabilities - current portion		1,756,222	2,308,953
Accrued expenses and other current liabilities	11	162,973,515	190,077,960
Term loan – current portion	9	37,000,000	32,000,000
Zakat payable	13	87,176,032	85,302,243
TOTAL CURRENT LIABILITIES		442,485,789	420,744,571
TOTAL LIABILITIES		699,668,256	723,109,523
TOTAL EQUITY AND LIABILITIES		2,335,557,595	2,288,516,619

Mr. Majed Ahmed Qwaider
Chief Financial Officer



Eng. Abdulrahman Bin Abdulaziz Bin Sulaiman
Chief Executive Officer and Board Member



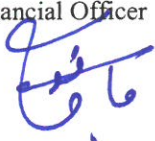
The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

National Gas and Industrialization Company
(A Saudi Joint Stock Company)

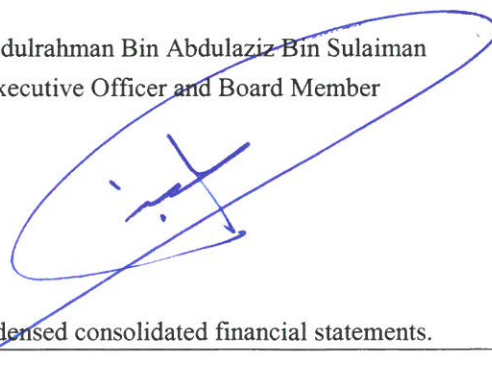
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the three and nine months period ended 30 September 2021

	Note	For the three months period ended 30 September		For the nine months period ended 30 September	
		2021	2020	2021	2020
		(Unaudited) SR	(Restated, note 19) (Unaudited) SR	(Unaudited) SR	(Restated, note 19) (Unaudited) SR
Revenues	14	444,766,850	453,711,442	1,423,669,641	1,462,238,902
Cost of revenues		(385,507,094)	(409,668,678)	(1,223,255,400)	(1,294,479,029)
Gross profit		59,259,756	44,042,764	200,414,241	167,759,873
Selling and distribution expenses		(23,401,695)	(19,864,110)	(66,948,152)	(63,262,766)
General and administrative expenses		(26,999,124)	(28,066,724)	(74,182,901)	(83,376,362)
Operating income (loss)		8,858,937	(3,888,070)	59,283,188	21,120,745
Share of results of associates, net	6	1,868,939	2,402,212	8,084,750	4,478,448
Investments' income	15	29,035,108	20,896,612	102,333,733	31,662,045
Finance charges		(1,769,584)	(609,279)	(5,824,443)	(2,156,620)
Other income, net		1,463,244	3,591,946	8,734,442	9,925,244
Income before zakat		39,456,644	22,393,421	172,611,670	65,029,862
Zakat for the period	13	(2,731,264)	(5,361,390)	(14,190,552)	(10,221,265)
Net income for the period		36,725,380	17,032,031	158,421,118	54,808,597
Other comprehensive income (loss)					
<i>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:</i>					
Re-measurement of employees defined benefits liabilities		4,068,879	(20,774,304)	(433,087)	(15,232,906)
Change in fair value of investments in equity instruments through other comprehensive income		(25,511,590)	26,782,055	6,244,212	(74,056,973)
Other comprehensive (loss) income for the period		(21,442,711)	6,007,751	5,811,125	(89,289,879)
Total comprehensive income (loss) for the period		15,282,669	23,039,782	164,232,243	(34,481,282)
Basic and diluted earnings per share	16	0.49	0.23	2.11	0.73
Weighted average number of outstanding shares	16	75,000,000	75,000,000	75,000,000	75,000,000

Mr. Majed Ahmed Qwaider
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Chief Executive Officer and Board Member



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National Gas and Industrialization Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months period ended 30 September 2021

	Share capital SR	Statutory reserve SR	Retained earnings/ (accumulated losses) SR	Unrealized gain on investments in equity instruments at fair value through other comprehensive income SR	Total SR
Balance at 1 January 2021 (Audited)	750,000,000	225,000,000	44,448,445	545,958,651	1,565,407,096
Net income for the period	-	-	158,421,118	-	158,421,118
Other comprehensive income	-	-	(433,087)	6,244,212	5,811,125
Total comprehensive income for the period	-	-	157,988,031	6,244,212	164,232,243
Dividends (note 12)	-	-	(93,750,000)	-	(93,750,000)
Balance as at 30 September 2021 (Unaudited)	750,000,000	225,000,000	108,686,476	552,202,863	1,635,889,339
Balance at 1 January 2020	750,000,000	270,551,265	(103,895,567)	679,453,239	1,596,108,937
Net income for the period (Restated, note 19)	-	-	54,808,597	-	54,808,597
Other comprehensive loss (Restated, note 19)	-	-	(15,232,906)	(74,056,973)	(89,289,879)
Total comprehensive loss for the period (Restated, note 19)	-	-	39,575,691	(74,056,973)	(34,481,282)
Transfer of excess statutory reserve to accumulated losses	-	(45,551,265)	45,551,265	-	-
Balance at 30 September 2020 (Unaudited, restated)	750,000,000	225,000,000	(18,768,611)	605,396,266	1,561,627,655

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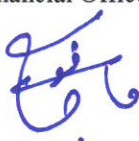
National Gas and Industrialization Company
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

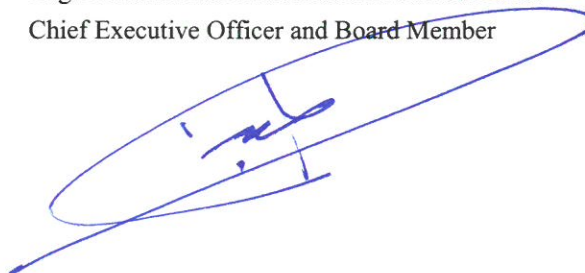
For the nine months period ended 30 September 2021

	<i>Nine-month period ended 30 September 2021</i>	<i>Nine-month period ended 30 September 2020</i>
OPERATING ACTIVITIES		
Income before zakat	172,611,670	65,029,862
Adjustments to reconcile profit before zakat to net cash flows:		
Depreciation of property, plant and equipment	61,960,858	64,593,564
Amortization of intangible assets	6,978,434	4,928,509
Amortization of right to use assets	1,505,775	1,543,751
Finance costs of lease liabilities	165,960	264,368
Share of results of associates	(8,084,750)	(4,478,447)
Gain on disposal of property, plant and equipment	(414,744)	(806,590)
Provision for expected credit losses	1,692,128	3,089,114
Provision for employees' defined benefit obligations	11,235,538	13,713,923
Amortization of upfront fees on term loan	3,439,488	747,997
Follow up fees of term loan	2,218,995	1,144,255
Provision for slow moving and obsolete inventories	-	5,561,284
Change in fair value of investments at FVTPL	(25,097,200)	(5,103,673)
Dividends received from investments at FVOCI	(62,438,853)	-
Working capital adjustments:		
Inventories	(10,829,126)	11,724,128
Trade receivables and other assets	10,372,599	(36,024,443)
Trade payables and other liabilities	6,013,383	109,096,791
Cash generated from operations	171,330,155	235,024,393
Zakat paid	(12,316,763)	(10,237,251)
Employees defined benefits liabilities paid	(14,211,703)	(13,064,518)
Net cash from operating activities	144,801,689	211,722,624

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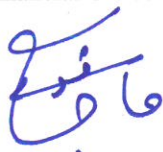
National Gas and Industrialization Company
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

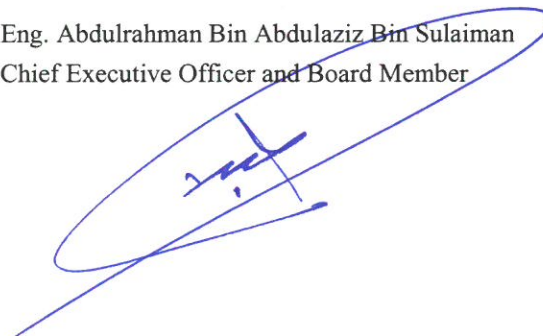
For the nine months period ended 30 September 2021 (continued)

	<i>Nine-month period ended 30 September 2021</i>	<i>Nine-month period ended 30 September 2020</i>
INVESTING ACTIVITIES		
Purchase of investments held at amortized cost	(116,500,000)	-
Additions of property, plant, and equipment	(105,311,329)	(56,837,282)
Additions of intangible assets	(1,134,794)	(1,439,418)
Purchase of investments at FVTPL	(542,845)	(100,000,000)
Proceeds from selling investments in equity instruments at FVTPL	5,000,000	-
Proceeds from disposal of property, plant and equipment	1,488,635	1,721,315
Dividends received from associates	5,775,000	4,375,000
Dividends received from investments at FVTOCI	62,438,853	-
Net cash used in investing activities	(148,786,480)	(152,180,385)
FINANCING ACTIVITIES		
Dividends paid	(93,750,000)	-
Lease obligations paid	(478,500)	(478,500)
(Payment) proceeds from Saudi Industrial Development Fund	(32,000,000)	85,300,000
Follow up fees on term loan	(2,218,995)	(1,144,255)
Net cash (used in) from financing activities	(128,447,495)	83,677,245
Net (decrease) / increase in cash and cash equivalents	(132,432,286)	143,219,484
Cash and cash equivalents at the beginning at 1 January	277,111,159	157,609,810
Cash and cash equivalents at 30 September	144,678,873	300,829,294
NON-CASH TRANSACTIONS:		
Change in fair value of investments in equity instruments at fair value through other comprehensive income	4,722,612	74,056,973
Actuarial (losses) / gains from remeasurement of employee end of services obligations	(433,087)	15,232,918
Dividends receivable from investments in associates	-	875,000
Employees end of services benefits transferred to accrued expenses	7,574,007	19,984,119

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Chief Executive Officer and Board Member



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

National Gas and Industrialization Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

1. CORPORATE INFORMATION

A) ESTABLISHMENT OF THE COMPANY

National Gas and Industrialization Company (GASCO) (the “Company”) is a Saudi Joint Stock Company. The Company is registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010002664 dated 22 Rajab 1383H (corresponding to 9 December 1963). The share capital of the Company amounts to SR 750 million and is divided into 75 million shares of SR 10 each. As at 30 September 2021, the Public Investment Fund owns 10.91% (30 September 2020: 10.91%), Mr. Abdulaziz Abdulrahman Al-Mohsen owns 6.66% (30 September 2020: 6.66%) of the total Company’s shares, and the remaining shares are publicly traded.

The Company was established in accordance with the Royal Decree No. 713 dated 03/12/1380H to merge the Saudi Gas and Manufacturing Company and National Gas Company with the approval of the General Assembly of both companies, and under the letter of H.H. the Minister of Commerce No. 2843/H dated 01/01/1381H, and the actual merge commenced in 1383H. Later to this date on 13/06/1384H, the Council of Ministers Decree No. 820 was issued by merging all the entities involved in gas activities in the Kingdom of Saudi Arabia into the National Gas and Industrialization Company. The Council of Ministers resolution No. 1615 dated 14/11/1395H determined the Company's share capital and the commencement of its activities on 01/01/1396H under the industrial license issued by the Ministry of Industry and Electricity No. 659/S dated 09/07/1417H (corresponding to 20 November 1996).

B) GROUP ACTIVITIES

The activities of the Company and its subsidiary (the “Group”) include carrying out all work related to the exploitation, manufacture and distributing of gas of all kinds and its derivatives and industrial gases inside and outside the Kingdom of Saudi Arabia, selling, manufacturing and maintaining cages, cylinders, tanks and accessories, maintenance of gas networks and accessories, carrying out all work related to the manufacture, transport and distributing of petroleum, chemical, petrochemical and glass products, establishment or participation in the production of energy, water treatment and environmental services, in addition to the acquisition of real estate and purchase of land for the construction of buildings thereon and investing it through sale or lease in favor of the Group.

The registered address of the Company is P.O. Box 564, Riyadh 11421, Kingdom of Saudi Arabia.

The Company has the following branches:

<i>Sr.</i>	<i>Branch</i>	<i>Commercial registration number</i>	<i>Issuing date</i>
1	Riyadh	1010429687	23/03/1436 H
2	Dammam	2050001551	07/08/1383 H
3	Buraidah	1131004089	06/04/1402 H
4	Al-Madinah al-Munawwarah	365006707	18/03/1402 H
5	Jeddah	4030032503	19/02/1402 H
6	Yanbu	4700003177	07/08/1409 H
7	Khamis Mushait	5855004366	25/12/1402 H
8	Taif	4032007367	20/09/1402 H

The assets, liabilities and results of operations of these branches are included in these interim condensed consolidated financial statements.

During the first quarter of 2021, the Company established a new subsidiary Company which is 100% owned under the name of Gas Solutions Company (Owned by One Person) (a limited liability company), following are the details of the subsidiary:

<i>Subsidiary</i>	<i>Commercial registration number</i>	<i>Country of incorporation</i>	<i>Effective shareholding percentage</i>
Gas Solutions Company	1010693275	Kingdom of Saudi Arabia	100%

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These interim condensed consolidated financial statements for the three- and nine-months period ended 30 September 2021 were prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements approved by the Saudi Organization for Chartered and Professional Accountants. The Company has prepared the interim condensed financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements are presented in Saudi Riyals, which represents the Group's functional currency.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and they must be read in conjunction with the Company's audited financial statements for the year ended 31 December 2020. In addition, the results for the three- and nine-months period ended 30 September 2021, are not an accurate indication of the results that can be expected for the fiscal year ending 31 December 2021.

Judgments, Estimates and Assumptions

Preparing the interim condensed consolidated financial statements requires management to use certain judgments, estimates and assumptions that affect the application of accounting policies and the amounts presented for assets and liabilities, revenues and expenses. Actual results may differ from these estimates. The significant judgments taken by management in applying the Group's accounting policies and the main sources of uncertainty estimates are the same as those applied to the annual financial statements for the year ended 31 December 2020.

2.2 Basis of consolidation

These interim condensed consolidated financial statements include the assets, liabilities and the results of operations of the Company and its subsidiary (the "Group") stated in note 1 above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired (or disposed) of during the year are included (or derecognised) in the consolidated financial statements from the date the Group gains control until the date when the Group ceases to control the subsidiary.

The financial statements of the subsidiary is prepared for the same reporting period as the Company. Where necessary, accounting policies of the subsidiary has been changed to ensure consistency with the policies adopted by the Group.

All inter-group accounts and transactions have been eliminated on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied during the preparation of these interim condensed consolidated financial statements are the same policies applied during the preparation of the annual financial statements of the Company for the year ended 31 December 2020.

There are no new standards or interpretation with application date effective on 1 January 2021. There are amendments to the standards that come into effect at 1 January 2021, but they do not have any material impact on the Group's interim condensed consolidated financial statements.

National Gas and Industrialization Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
30 September 2021

4. SUBSIDIARY

During the first quarter of 2021, the Company established a 100% owned subsidiary company under the name of Gas Solutions Company. The subsidiary company is specialized in establishing, building and maintenance of liquefied petroleum gas (LPG) networks and tanks, developing LPG products and solution. The subsidiary started its operation during the second quarter of 2021. Following are the key financial items in the subsidiary financial statements:

	30 September 2021			
	(Unaudited)			
	SR			
Statement of financial position				
Current Assets	5,034,987			
Current liabilities	(1,298,112)			
	<i>For the three-months period ended</i>		<i>For the nine-months period ended</i>	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	(Unaudited)	(unaudited)	(Unaudited)	(Unaudited)
	SR	SR	SR	SR
Statement of comprehensive income				
Total loss for the period	(64,878)	-	(653,637)	-

5. PROPERTY, PLANT AND EQUIPMENT

- Land includes two plots of land with cost of SR 2.7 million (31 December 2020: SR 2.7 million) that have been mortgaged to the Saudi Industrial Development Fund (SIDF) (note 9).
- Included in property, plant and equipment capital work in progress amounted to SR 258.8 million (31 December 2020: SR 191.7 million) which mainly represents projects to develop the Group's stations and its capacity and also to develop production lines in accordance with the Group's needs and the public safety requirements.

National Gas and Industrialization Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
30 September 2021

6. INVESTMENTS IN ASSOCIATES

Investments in associates comprise the following:

	<i>Ownership percentage</i>	<i>30 September 2021 (Unaudited)</i>	<i>31 December 2020 (Audited)</i>
		<i>SR</i>	<i>SR</i>
Saudi Gas Cylinder Factory Company	37.57%	34,985,757	30,587,628
Natural Gas Distribution Company	35%	19,365,602	19,700,076
East Gas Company	35%	28,228,425	29,982,330
		82,579,784	80,270,034

The movement of investments in associates is as follows:

	<i>30 September 2021 (Unaudited)</i>	<i>31 December 2020 (Audited)</i>
	<i>SR</i>	<i>SR</i>
At the beginning of the period / year	80,270,034	79,289,237
Share in results of investments in associates	8,084,750	6,516,288
Dividends received	(5,775,000)	(5,535,491)
At the end of the period / year	82,579,784	80,270,034

The share in the results of associates comprises the following:

	<i>For the three-months period ended</i>		<i>For the nine-months period ended</i>	
	<i>30 September 2021 (Unaudited) SR</i>	<i>30 September 2020 (Unaudited, restated, note 19) SR</i>	<i>30 September 2021 (Unaudited) SR</i>	<i>30 September 2020 (Unaudited, restated, note 19) SR</i>
Saudi Gas Cylinders Factory Company	749,825	751,878	4,398,129	(57,359)
Natural Gas Distribution Company	35,362	417,958	540,526	1,158,432
East Gas Company	1,083,752	1,232,376	3,146,095	3,377,375
	1,868,939	2,402,212	8,084,750	4,478,448

7. ACCOUNTS RECEIVABLE, NET

	<i>30 September 2021 (Unaudited)</i>	<i>31 December 2020 (Audited)</i>
	<i>SR</i>	<i>SR</i>
Trade receivables	41,963,949	51,618,322
Other receivables	7,220,872	9,984,873
	49,184,821	61,603,195
Provision for expected credit losses	(17,813,862)	(16,121,734)
	31,370,959	45,481,461

National Gas and Industrialization Company
(A Saudi Joint Stock Company)

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8. CASH AND CASH EQUIVALENTS

	<i>30 September 2021</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2020</i> <i>(Audited)</i> <i>SR</i>
Balances at banks	144,678,873	177,111,159
Short-term Murabaha time deposits	-	100,000,000
	144,678,873	277,111,159

- a) Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group and earn commission at the respective short-term deposit rates.
- b) At 30 September 2021, the Company had available SR 407.4 million (31 December 2020: SR 93.3 million) of unused credit facilities.

9. TERM LOAN

	<i>30 September 2021</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2020</i> <i>(Audited)</i> <i>SR</i>
Principal amount due	156,000,000	188,000,000
Less: un-amortized portion of transaction cost	(8,918,831)	(12,358,318)
	147,081,169	175,641,682
Less: current portion	(37,000,000)	(32,000,000)
The non-current portion	110,081,169	143,641,682

On 17 Muharram 1440 H (corresponding to 27 September 2018), the Company signed an agreement to obtain a loan from Saudi Industrial Development Fund (SIDF) amounting to SR 203 million. The loan is for the purpose of developing the filling plants and distribution of gas in all regions with a production capacity of 1,648 thousand tons in all branches of the Company. The terms of the loan span over a tenure of 5 years. The loan is non-interest-bearing but carry only an upfront fee amount of SR 16.2 million that was paid at the start of the loan and also transaction costs relating to follow-up charges which is paid on semi-annual basis over the term of the loan. Further, this loan carries certain conditions / covenants, such as maintaining required current asset ratios during the term of the loan, a specific ratio of liabilities to net tangible value and amount spent yearly on capital expenditures. The agreement also contains undertakings pledges of seven plots of land with a cost of SR 17.6 million; of which the Company has pledged 2 plots as at the reporting period (note 5).

During 2020, the Company received the full of financing in the amount of SR 186.8 million, after deduction of upfront fees of SR 16.2 million, according to the contract agreement. The repayment of the financing has been scheduled in ten semi-annual unequal installments starting from 15 Safar 1442H (corresponding to 2 October 2020). Also, during 2020, the Company completed the pledge of two lands to the SIDF (note 5), and the process of pledging the remaining five plots of lands is under process.

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10. EMPLOYEES' DEFINED BENEFITS LIABILITIES

	<i>30 September 2021</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2020</i> <i>(Audited)</i> <i>SR</i>
At the beginning of the period / year	156,481,393	203,601,753
Current service cost	8,631,647	11,774,419
Finance charge	2,603,891	5,762,346
Current service cost charged to work in progress	87,698	-
Paid during the period / year	(14,211,703)	(39,511,203)
Re-measurements loss on employees defined benefit liabilities	433,081	13,779,392
Transfer to accrued employees' benefits	(7,574,007)	(38,925,314)
At the end of the period / year	146,452,000	156,481,393

The most recent actuarial valuation was performed by an independent, qualified actuary using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	<i>30 September 2021</i> <i>(Unaudited)</i>	<i>31 December 2020</i> <i>(Audited)</i>
Discount rate	2.9%	2.1%
Expected salary increases	3.75%	4.5%
Retirement age	60	60

10. EMPLOYEES' DEFINED BENEFITS LIABILITIES (continued)

All movements in the employee defined benefit liabilities are recognized in profit or loss except for the actuarial gain or loss which is recognized in other comprehensive income.

Sensitivity analysis

The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.:

	<i>30 September 2021</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2020</i> <i>(Audited)</i> <i>SR</i>
Discount rate		
Increase 1%	131,313,000	146,054,000
Decrease 1 %	164,435,000	169,732,000
The future increase in the salaries		
Increase 1%	164,089,000	169,256,000
Decrease 1%	131,292,000	146,256,000

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11. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<i>30 September 2021</i> <i>(Unaudited)</i>	<i>31 December 2020</i> <i>(Audited)</i>
	<i>SR</i>	<i>SR</i>
Dividends payable	40,715,184	39,161,121
Advance from customers	32,741,116	35,726,711
Accrued expenses	32,266,841	25,107,716
Unapplied collection account (note (a) below)	27,389,468	27,389,468
Accrued employees' benefits (note (b) below)	22,051,500	53,049,848
Cash deposits from customers	3,170,020	3,164,700
Board of Directors and committees' remunerations	2,456,365	3,275,000
Others	2,183,021	3,203,396
	<u>162,973,515</u>	<u>190,077,960</u>

- a) The above account represents cash received from various customers, mainly collections from customers for sale of gas tanks, other products and other transactions. This account consists of amounts that have been outstanding for several years, which have not been claimed by respective customers. The Company has adopted a new policy that any outstanding amounts for 3 years and above will be reversed to income, if not been claimed. Also, the embezzlement that took place in prior years, was mainly routed through this account besides other accounts, but there is an amount of SR 1.7 million is not related to this account.
- b) The above balance included balance related to Early Retirement Plan of nil as at 30 September 2021 (31 December 2020: SR 12.1 million), established by the Company's Board of Directors during 2020. The plan costs are provided for in accordance with the Company's employee benefit policies which is based mainly on the current salary, actual years of service and the years of service until the normal retirement age. As the termination benefits are expected to be fully settled before twelve months after the end of the reporting period in which the termination benefit is recognized, the Company has applied the requirements for short-term employee benefits. The provision is accounted for once the approval is made by the employee for the plan.

12. DIVIDENDS

In its ordinary meeting held on 12 Dhu Qi'dah 1442H (corresponding to 22 June 2021), the General Assembly has approved to distribute cash dividends to shareholders for the year ended 31 December 2020 of SR 0.50 per share, amounting to SR 37.5 million. The dividends were distributed to the shareholders in July 2021.

In its meeting held on 30 Muharram 1443H (corresponding to 7 September 2021) the Board of Directors approved, in accordance to the authorization of the company's general assembly, to distribute cash dividends to shareholders for the first half of 2021 an amount of SR 0.75 per share, amounting to SR 56.25 million. The dividends were distributed to the shareholders in September 2021.

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13. ZAKAT PAYABLE

Status of assessments

The Company obtained final assessment for zakat until the end of the year 2004.

2005 to 2007 status

The Zakat, Tax and Customs Authority ("ZATCA") issued the final zakat assessment for the years from 2005 to 2007, which resulted in an additional amount of SR 39 million. The Company has objected on the assessment with the relevant appeal committee. The objection is not finalized yet as of reporting date, and the Company submitted a bank guarantee to the ZATCA of SR 39 million in this regard (note 17).

2008 to 2010 status

During 2019, the Company reached a settlement and paid ZATCA, for the assessments of the years 2008 to 2010 amount of SR 27 million.

2011 to 2013 status

The Company did not receive the zakat assessments for the years 2011 until 2013.

2014 to 2018 status

During 2020, the Company received zakat assessments for the years from 2014 to 2018, which resulted in an additional amount of SR 40 million. The Company objected the assessments with the relevant appeal committee. At the date of the interim condensed consolidated financial statements, no resolution has been reached in relation to the objection.

2019 and 2020 status

The Company has submitted its zakat returns for the years 2019 and 2020, and the assessments have not yet been raised by ZATCA up to the date of the interim condensed consolidated financial statements.

The final outcome of these assessments cannot be determined currently. Accordingly, the Company assessed its zakat status for the years in which it received zakat assessments, and for the years that were not examined by ZATCA and provided for appropriate provisions based on the assessments of the management and the zakat advisor of the Company.

14. REVENUES

	<i>For the three-months period ended</i>		<i>For the nine-months period ended</i>	
	30 September 2021	30 September 2020 (Unaudited, restated, note 19)	30 September 2021	30 September 2020 (Unaudited, restated, note 19)
	SR	SR	SR	SR
Gas sales	419,602,477	434,396,425	1,329,984,227	1,346,458,198
Gas cylinders and tanks, and extension parts' sales	19,622,462	16,614,903	81,261,631	104,834,841
Service, transportation and installation revenue	5,092,033	3,813,852	13,138,715	11,833,708
Other commercial projects	1,827,200	-	2,947,200	1,065,411
Sales return	(1,377,322)	(1,113,738)	(3,662,132)	(1,953,256)
	444,766,850	453,711,442	1,423,669,641	1,462,238,902

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15. INVESTMENTS' INCOME

	<i>For the three-months period ended</i>		<i>For the nine-months period ended</i>	
	30 September 2021 (Unaudited) SR	30 September 2020 (Unaudited, restated, note 19) SR	30 September 2021 (Unaudited) SR	30 September 2020 (Unaudited, restated, note 19) SR
Dividends income from investment at FVOCI	17,677,082	6,293,115	62,438,853	12,944,790
Change in fair value of investments at FVTPL	972,775	9,538,811	19,762,136	5,103,673
Rent income from investment properties	3,252,703	3,506,707	10,299,740	10,521,111
Income from Sukuk and short-term Murabaha time deposits	7,132,548	1,557,979	9,833,004	3,092,471
	29,035,108	20,896,612	102,333,733	31,662,045

16. EARNINGS PER SHARE

Earnings per share was calculated based on the weighted average number of shares outstanding. The diluted earnings per share is the same as the basic earnings per share, as the Group has not issued any discounted instruments as at 30 September:

	<i>For the three-months period ended</i>		<i>For the nine-months period ended</i>	
	30 September 2021 (Unaudited) SR	30 September 2020 (Unaudited, restated, note 19) SR	30 September 2021 (Unaudited) SR	30 September 2020 (Unaudited, restated, note 19) SR
Net income for the period	36,725,380	17,032,031	158,421,118	54,808,597
Weighted average number of shares outstanding	75,000,000	75,000,000	75,000,000	75,000,000
Basic and diluted earnings per share	0.49	0.23	2.11	0.73

17. COMMITMENTS AND CONTINGENCIES

Legal claim contingencies

On 7 August 2018, the Ministry of Transportation filed lawsuit against the Company regarding an explosion of the Company's tanker in Riyadh during 2012. On 22 March 2021, the Seventh Legal Department in the Court of Appeal issued the final ruling which includes the confirmation of the ruling issued by the Second Traffic Department at the General Court in Riyadh to dismiss the case against the Company.

Other contingencies

As disclosed in (note 13), ZATCA has raised additional amounts of SR 40 million related to zakat assessments for the years from 2014 to 2018.

Guarantees and letters of credit

- The Company has provided a bank guarantee to ZATCA amounting to SR 39 million (31 December 2020: SR 39 million) in relation to the additional zakat amounts raised for the years from 2005 to 2007 (note 13).
- The Company has provided a bank guarantee to Saudi Arabian Oil Company "Saudi Aramco" amounting to SR 280 million (31 December 2020: SR 280 million) relating to the supply of petroleum products.
- The Company has outstanding letters of credit as at 30 September 2021 amounting to SR 6.8 million (31 December 2020: SR 15.6 million).

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17. COMMITMENTS AND CONTINGENCIES (continued)

Guarantees related to an associate

The Company also has an outstanding guarantee for a loan granted by the Saudi Industrial Development Fund (SIDF) to Arabian United Float Glass Company (an associate) amounting to SR 49 million as at 30 September 2021 (31 December 2020: SR 49 million).

Commitments

The Company has commitments of SR 139.7 million (31 December 2020: SR 156.2 million) related to capital work in progress under property, plant and equipment and intangible assets.

18. OPERATING SEGMENTS

For management purposes, the Group is organized into business units based on its geographical regions, as follows:

<i>For the three- months period ended 30 September 2021 (Unaudited)</i>	<i>Central region SR</i>	<i>Western region SR</i>	<i>Eastern region SR</i>	<i>Southern region SR</i>	<i>Total SR</i>
Revenues	158,563,893	160,056,997	69,123,547	57,022,413	444,766,850
Cost of revenues	(127,206,318)	(134,824,822)	(55,228,471)	(49,589,858)	(366,849,469)
Depreciation and amortization of assets	(5,391,510)	(8,969,846)	(2,019,389)	(1,800,262)	(18,181,007)
Depreciation of right-of-use assets	(219,298)	(143,880)	(62,122)	(51,318)	(476,618)
Segment gross profit	25,746,767	16,118,449	11,813,565	5,580,975	59,259,756

<i>For the three- months period ended 30 September 2020 (Unaudited, restated, note 19)</i>	<i>Central region SR</i>	<i>Western region SR</i>	<i>Eastern region SR</i>	<i>Southern region SR</i>	<i>Total SR</i>
Revenues	157,743,326	163,156,247	73,988,603	58,823,266	453,711,442
Cost of revenues	(134,191,948)	(142,955,785)	(62,829,513)	(52,305,915)	(392,283,161)
Depreciation and amortization of assets	(5,234,537)	(8,975,058)	(2,163,531)	(1,690,067)	(18,063,193)
Depreciation of right-of-use assets	171,252	279,666	129,206	97,552	677,676
Segment gross profit	18,488,093	11,505,070	9,124,765	4,924,836	44,042,764

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18. OPERATING SEGMENTS (continued)

<i>For the nine- months period ended 30 September 2021 (Unaudited)</i>	<i>Central region SR</i>	<i>Western region SR</i>	<i>Eastern region SR</i>	<i>Southern region SR</i>	<i>Total SR</i>
Revenues	509,571,188	513,629,332	223,262,536	177,206,585	1,423,669,641
Cost of revenues	(408,073,506)	(428,778,256)	(177,790,223)	(151,142,418)	(1,165,784,403)
Depreciation and amortization of assets	(16,678,220)	(27,439,204)	(6,502,733)	(5,345,065)	(55,965,222)
Depreciation of right-of-use assets	(663,360)	(473,351)	(205,754)	(163,310)	(1,505,775)
Segment gross profit	84,156,102	56,938,521	38,763,826	20,555,792	200,414,241

<i>For the nine- months period ended 30 September 2020 (Unaudited, restated, note 19)</i>	<i>Central region SR</i>	<i>Western region SR</i>	<i>Eastern region SR</i>	<i>Southern region SR</i>	<i>Total SR</i>
Revenues	522,275,949	518,793,953	238,288,754	182,880,246	1,462,238,902
Cost of revenues	(431,345,763)	(446,180,445)	(197,618,924)	(161,005,241)	(1,236,150,373)
Depreciation and amortization of assets	(17,198,577)	(28,146,207)	(7,115,864)	(5,516,517)	(57,977,165)
Depreciation of right-of-use assets	(349,265)	(1,229)	(564)	(433)	(351,491)
Segment gross profit	73,382,344	44,466,072	33,553,402	16,358,055	167,759,873

The top management of the Group monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the interim condensed consolidation financial statements. Also, the Group's other costs (including finance costs, salaries and benefits of the management, directors, finance and IT departments, legal and HR departments, administrative and support department, other expenses and other income) and Zakat are managed on a Group basis and are not allocated to operating segments.

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19. RESTATEMENT AND RECLASSIFICATIONS

During the year ended 31 December 2020, the management has identified certain errors, and as required by IAS 8: "Accounting policies, changes in accounting estimate and errors", the correction of errors mentioned below has resulted in retrospective adjustments to the comparative figures as of 30 September 2020. In addition, there were certain reclassifications. Below is summary of restatements and reclassifications:

19.1 Interim condensed consolidated statement of comprehensive income for the three months period ended 30 September 2020

Based on the adjustments and the impact of reclassifications, the interim condensed consolidated statement of comprehensive income for the three months period ended 30 September 2020 has been adjusted as follows:

	<i>Note</i>	<i>Amounts as previously reported SR</i>	<i>Reclassification SR</i>	<i>Adjustment SR</i>	<i>Restated amounts SR</i>
Cost of revenues	b,c,d &f	(407,919,820)	(1,218,586)	(530,272)	(409,668,678)
Selling and distribution expenses	f	(19,409,028)	(455,082)	-	(19,864,110)
General and administrative expenses	f	(28,813,757)	747,033	-	(28,066,724)
Loss on disposal and replacement of gas cylinders and other adjustments	f	(41,481)	41,481	-	-
Investment income	a	11,357,802	-	9,538,810	20,896,612
Finance charges	c,e &f	(1,134,436)	207,596	317,561	(609,279)
Other income, net	f	2,914,388	677,558	-	3,591,946
Net income for the period		7,705,931	-	9,326,100	17,032,031
Other Comprehensive income:					
Change in fair value of investments in equity instruments through other comprehensive income	a	36,320,866	-	(9,538,811)	26,782,055
Total comprehensive income for the period		23,252,493	-	(212,711)	23,039,782

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19. RESTATEMENT AND RECLASSIFICATIONS (continued)

19.2 Interim condensed statement of comprehensive income for the nine months period ended 30 September 2020

Based on the adjustments and the impact of reclassifications, the interim condensed statement of comprehensive income for the nine months period ended 30 September 2020 has been adjusted as follows:

	<i>Note</i>	<i>Amounts as previously reported SR</i>	<i>Reclassification SR</i>	<i>Adjustment SR</i>	<i>Restated amounts SR</i>
Cost of revenues	b,c,d,&f	(1,281,948,945)	(10,939,281)	(1,590,803)	(1,294,479,029)
Selling and distribution expenses	f	(60,396,370)	(2,866,396)	-	(63,262,766)
General and administrative expenses	f	(91,299,544)	7,923,182	-	(83,376,362)
Loss on disposal and replacement of gas cylinders and other adjustments	f	(3,939,173)	3,939,173	-	-
Investments income	a	26,558,372	-	5,103,673	31,662,045
Finance charges	c,e,&f	(3,901,869)	853,114	892,135	(2,156,620)
Other income, net	f	8,835,036	1,090,208	-	9,925,244
Net income for the period		50,403,592	-	4,405,005	54,808,597
Other Comprehensive loss:					
Change in fair value of investments in equity instruments through other comprehensive loss	a	(68,953,300)	-	(5,103,673)	(74,056,973)
Total comprehensive loss for the period		(33,782,614)	-	(698,668)	(34,481,282)

19.3 Impact on basic and diluted earnings per share (EPS) (increase / (decrease) in EPS)

Based on the adjustments above, the basic and diluted earnings per share as been adjusted as follows:

A- For the three months period ended 30 September 2020 has been adjusted as follows:

	<i>As previously reported SR</i>	<i>Adjustment SR</i>	<i>Restated SR</i>
Earnings per share	0.10	0.13	0.23
Basic and diluted earnings per share	0.10	0.13	0.23
Earnings per share from operations	0.61	(0.02)	0.59

B- For the nine months period ended 30 September 2020 has been adjusted as follows:

	<i>As previously reported SR</i>	<i>Adjustment SR</i>	<i>Restated SR</i>
Earnings per share	0.67	0.06	0.73
Basic and diluted earnings per share	0.67	0.06	0.73
Earnings per share from operations	2.40	(0.16)	2.24

19. RESTATEMENT AND RECLASSIFICATIONS (continued)

19.4 Details of restatement and reclassifications

- (a) The Group noted that certain trading securities and debt instruments were classified as investments held at FVTOCI. The management re-assessed the classifications of all investments held at FVTOCI, in accordance with requirements of IFRS 9. As a result, the management reclassified these investments from investments at FVOCI to investments held at FVTPL.

As result of this re-classification, the related gains from valuation of the fair value of these investments amounted to SR 5.1 million for the nine months period ended 30 September 2020 (gain of SR 9.5 million for the three months period ended 30 September 2020) have been adjusted from unrealized losses from investments held at FVTOCI to profit and loss.

- (b) The Group noted that right of use assets and liabilities were not recorded for renewal of a contract which took place in 2019. Therefore, the Group has adjusted the right of use assets and lease liabilities in 2019, amounted to SR 4.8 million and recorded the related depreciation and finance charges. As result of this adjustment, the net income for the nine months period ended 30 September 2020 was decreased by SR 1.4 million (amount of SR 445.7 thousand for the three months period ended 30 September 2020).
- (c) The Group noted that the decommissioning expenses related to rented land is not accounted for in line with IAS 16 and IAS 37. The management assessed the decommission cost and recorded amount SR 400,000 as addition to the cost of the assets and decommissioning liabilities. As a result, the net income for the nine months period ended 30 September 2020 was decreased by SR 85.5 thousand (amount of SR 28.5 thousand for the three months period ended 30 September 2020).
- (d) The Group noted that the depreciation of the assets related to a leased space for a branch was calculated based on the useful life of the assets rather than the shorter of the useful life of the asset and the rent contract end date. As the contract is not renewable, the management adjusted the depreciation calculation for the related assets which resulted in increase of the depreciation expenses for the period ended 30 September 2020 by SR 313 thousand. The net income for the nine months period ended 30 September 2020 decreased by SR 313 thousand. (amount of SR 104.3 thousand for the three months period ended 30 September 2020).
- (e) The Group noted the finance charges calculated on the loan from Saudi Industrial Development Fund was overstated by SR 719.7 thousand, as result of this adjustment, the net income for the period ended 30 September 2020 was increased by SR 1.085 million. (amount of SR 365.8 thousand for the three months period ended 30 September 2020).
- (f) The Group has made the following reclassifications:
- The Group reclassified the provision and proceeds related to disposal of gas cylinders between cost of revenue (SR 5.9 million) and other income (SR 1.4 million).
 - The Group classified bank charges amounted to SR 602 thousand from finance charges to general and administrative expenses and SR 251 thousand to other income.
 - The Group reclassified the cost of the amortization of intangible assets and computer licenses between cost of revenues, selling and distribution and general and administrative expenses, as result of this reclassification the cost of revenues and selling and distribution expenses were increased by SR 5.6 million and SR 2.8 million, respectively, and the general and administrative expenses was decreased by SR 8.4 million.

20. IMPACT OF CORONAVIRUS (COVID-19) OUTBREAK

A novel strain of coronavirus (COVID-19) (“the virus”) was first identified at the end of December 2019, subsequently in March 2020 it was declared as a pandemic by the World Health Organization (WHO). The virus continued to spread throughout in nearly all regions around the world including the Kingdom of Saudi Arabia, which resulted in a slowdown of economic and social activities and shutdowns of many sectors at global and local levels.

During the fourth quarter of 2020, several vaccines which passed the testing phase effectively and began to be manufactured and distributed globally to many countries, including the Kingdom of Saudi Arabia. As of the date of preparing these interim condensed consolidated financial statements, the Group’s operations and financial results have not been impacted from the virus outbreak.

The impact of the pandemic on the Group’s operations and financial results was assessed using some judgments, estimates and assumptions that contain sources of uncertainty as it depends on several future factors and developments that cannot be reliably forecasted.

21. EVENTS SUBSEQUENT TO THE REPORTING DATE

In the opinion of management there have been no further significant subsequent events that may require adjustments on the interim condensed consolidated financial statements.

22. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the Audit Committee in accordance with the authorization of the Board of Directors on 2 Rabi’ al Thani 1443H (corresponding to 7 November 2021).