

**Saudi Chemical Holding Company
(A Saudi Joint Stock Company)**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
For the three-months period ended 31 March 2022**

Saudi Chemical Holding Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 March 2022

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**Independent auditor's review report on the interim condensed consolidated financial statements
To the shareholders of Saudi Chemical Holding company
(A Saudi Joint Stock Company)**

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Chemical Holding Company. (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 31 March 2022, and the related interim condensed consolidated statements of comprehensive income, interim condensed consolidated statements of changes in shareholders' equity and cash flows for the three-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") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

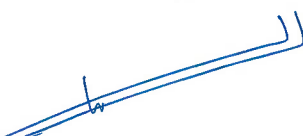
Scope of Review:

We conducted our review in accordance with 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 to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion:

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

for Ernst & Young Professional Services



Fahad M. Al-Toaimi
Certified Public Accountant
License No. 354

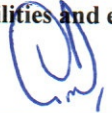


Riyadh: 15 Shawwal 1443H
(16 May 2022)



Saudi Chemical Holding Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

		31 March 2022 SR '000 (Unaudited)	31 December 2021 SR '000 (Audited)
	Notes		
Assets			
Non- current assets			
Property, plant and equipment	3	453,427	459,497
Capital work in progress	3	638,932	606,581
Intangible assets and goodwill		475,590	476,073
Right of use assets		11,712	12,517
Total non- current assets		1,579,661	1,554,668
CURRENT ASSETS			
Inventories		1,010,291	1,152,761
Trade receivables	4	1,835,855	1,615,020
Prepayments and other current assets		172,602	179,081
Cash and cash equivalents		114,461	101,194
Total current assets		3,133,209	3,048,056
Total assets		4,712,870	4,602,724
Liabilities and equity			
Equity			
Share capital	5	843,200	843,200
Statuary reserve		333,846	333,846
General reserve		340,000	340,000
Retained earnings		133,291	100,585
Equity attributable to equity holders of the parent		1,650,337	1,617,631
Non-controlling interests		7,914	7,617
Total Equity		1,658,251	1,625,248
Liabilities			
Non-current liabilities			
Saudi Industrial Development Fund's financing – non-current	6.1	353,611	352,707
Lease liabilities – non-current		5,062	7,858
Employees defined benefit liabilities		60,798	59,403
Total non-current liabilities		419,471	419,968
Current liabilities			
Saudi industrial Development Fund's financing – current	6.1	8,000	8,000
Lease liabilities – current		2,797	2,689
Short-term loans	6.2	1,727,189	1,534,425
Trade payable		724,235	803,652
Accrued expenses and other liabilities		104,316	107,045
Zakat and income tax payable	7	55,305	46,229
Dividends payable		13,306	55,468
Total current liabilities		2,635,148	2,557,508
Total liabilities		3,054,619	2,977,476
Total liabilities and equity		4,712,870	4,602,724
			
Sameh Hassan Group CFO		Eng. Thamer Al-Muhaid Group CEO	Eng. Fahad S. Al-Jarbou Chairman of BOD

The attached notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

Saudi Chemical Holding Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPERREHENSIVE INCOME
For the three-months period ended 31 March 2022

		<i>For the three-month period ended 31 March</i>	
	<i>Notes</i>	2022 SR '000 (Unaudited)	2021 SR '000 (Unaudited)
Revenues		903,991	969,460
Cost of revenues		(776,497)	(840,516)
Gross profit		127,494	128,944
Selling and distribution expenses		(36,773)	(36,310)
General and administration expenses		(25,161)	(23,812)
Expected credit loss on trade receivables	4	(8,250)	(8,000)
Operating profit		57,310	60,822
Financial cost		(10,778)	(10,112)
Other (expenses) income, net		(79)	82
Foreign currency exchange (losses) gain		(4,375)	25
Profit before zakat and income tax		42,078	50,817
Zakat and income tax expenses	7	(9,075)	(9,630)
Net profit for the period		33,003	41,187
Other comprehensive income for the period		-	-
Total comprehensive income for the period		33,003	41,187
Net profit for the period attributable to:			
Equity holders of the parent		32,706	40,827
Non-controlling interests		297	360
		33,003	41,187
Basic and diluted earnings per share (SR)	8	0.39	0.48



Sameh Hassan
Group CFO



Eng. Thamer Al-Muhaid
Group CEO



Eng. Fahad S. Al-Jarbou
Chairman of BOD

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Saudi Chemical Holding Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-months period ended 31 March 2022

Attributable to the equity holders of the parent

Share capital SR '000	Statutory reserve SR '000	General reserves SR '000	Retained earnings SR '000	Total SR '000	Non-controlling interests SR '000	Total equity SR '000
843,200	326,890	340,000	120,267	1,630,357	7,138	1,637,495
-	-	-	40,827	40,827	360	41,187
-	-	-	-	-	-	-
-	-	-	40,827	40,827	360	41,187
843,200	326,890	340,000	161,094	1,671,184	7,498	1,678,682
843,200	333,846	340,000	100,585	1,617,631	7,617	1,625,248
-	-	-	32,706	32,706	297	33,003
-	-	-	-	-	-	-
-	-	-	32,706	32,706	297	33,003
843,200	333,846	340,000	133,291	1,650,337	7,914	1,658,251



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Group CEO



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Chairman of BOD

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Saudi Chemical Holding Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-months period ended 31 March 2022

	<i>For the three-month period ended 31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>SR'000</i>	<i>SR'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Operating activities		
Profit before zakat and income tax and non-controlling interests	42,078	50,817
Adjustments for:		
Amortization of intangible assets	483	520
Depreciation of property, plant and equipment	10,150	10,278
Depreciation of right-of-use assets	806	565
Loss on sale of property, plant and equipment	317	6
Provision for slow-moving inventories	4,724	10,660
Expected credit loss on trade receivables	8,250	8,000
Provision for employees defined benefit obligation	2,330	1,764
Finance costs	10,778	10,140
Working capital changes:		
Inventories	137,744	194,248
Trade receivables	(229,085)	(405,634)
Prepayment and other current assets	6,479	(17,492)
Trade payables	(79,417)	(103,875)
Accrued expenses and other current liabilities	(2,801)	(8,680)
Cash used in operations	(87,164)	(248,683)
Employees defined benefit obligation paid	(933)	(3,812)
Finance cost paid	(10,547)	(10,140)
Net cash used in operating activities	(98,644)	(262,635)
Investing activities		
Purchase of property, plant and equipment and capital work in progress	(35,926)	(53,194)
Proceeds from disposal of property, plant and equipment	85	2
Net cash used in investing activities	(35,841)	(53,192)
Financing activities		
Payment of lease liabilities	(2,851)	(2,019)
Change in short-term loans	192,763	270,207
Dividends paid	(42,160)	-
Net cash from financing activities	147,752	268,188
Net increase (decrease) in cash and cash equivalent	13,267	(47,639)
Cash and cash equivalents at the beginning of the period	101,194	150,326
Cash and cash equivalent at the end of the period	114,461	102,687



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Group CFO



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Chairman of BOD

The attached notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

Saudi Chemical Holding Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As at 31 March 2022

1 CORPORATE INFORMATION AND ACTIVITIES

Saudi Chemical Holding Company (the "Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia, under commercial registration number 1010006161 dated 12 Safar 1392H (corresponding to 28 March 1972). The registered office of the Company is: P.O. Box 2665 Riyadh 11461, Kingdom of Saudi Arabia. The Group is listed in Tadawul stock exchange.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in:

- Managing the subsidiaries or participating in the management of other investees and providing the required support for these entities and real estate ownership.
- Manufacturing and selling of explosives and their derivatives for civil or military uses and providing technical support services in explosions.
- Manufacturing, wholesale and retail trading in medicines, medical materials and syrups, pharmaceutical preparations, medical and surgical tools and equipment, supplies of hospitals and medical centers and its related spare parts and food items; and
- Manufacture of ammonium nitrate.

These interim condensed consolidated financial statements include the financial statements of the Company and the financial statements of its following subsidiaries:

<i>Subsidiary</i>	<i>Country of incorporation</i>	<i>Main Activity</i>	<i>Ownership %</i>	
			<i>31 March 2022</i>	<i>31 December 2021</i>
Saudi International Trading Company ("SITCO Pharma")	Kingdom of Saudi Arabia	Distribution of Medicines	99%	99%
Suez International Nitrate Company ("SINCO")	Arab Republic of Egypt	Production of Ammonium Nitrate	100%	100%
Chemical Company for Commercial Investment Limited ("CCCIL")	Kingdom of Saudi Arabia	Includes wholesale and retail trade in medicines and medical equipment	100%	100%
AJA Pharmaceuticals Industries Company Limited ("AJA Pharma Company")	Kingdom of Saudi Arabia	Establishment & Ownership of medical factories	100%	100%
Saudi Chemical Company Limited ("SCCL")	Kingdom of Saudi Arabia	Establishment & Ownership of medical factories	100%	100%

Saudi Chemical Holding Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (COUNTNED)
As at 31 March 2022

2 BASES OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS"), "Interim Financial Reporting" ("IAS 34") as endorsed in KSA and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The interim condensed consolidated financial statements do not include all the information and disclosures required for a complete set of annual consolidated financial statements and therefore, should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

An interim period is considered an integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

Basis of measurement and functional currency

These interim condensed consolidated financial statements are presented in thousands of Saudi Riyals (SR) unless stated otherwise. Saudi Riyal (SR) is also the functional currency of the Group. Saudi Riyal (SR) is the presentation currency of the Company and all its subsidiaries except for SINCO which uses United States Dollar (USD) as its presentation currency.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any new standard, interpretation or amendment that have been issued but which are not yet effective.

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

2.2 ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTIONS:

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that were applied to the annual financial statements as of and for the year ended 31 December 2021.

Saudi Chemical Holding Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (COUNTNED)
As at 31 March 2022

3 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

The following is a summary of the movement in property, plant and equipment:

	31 March 2022 SR '000 (Unaudited)	31 December 2021 SR '000 (Audited)
Cost		
Balance at the beginning of the period/year	934,410	913,363
Additions	4,481	8,466
Disposals	(537)	(930)
Transfers from capital work in progress	-	13,511
Balance at the end of the period/year	938,354	934,410
Accumulated depreciation		
Balance at the beginning of the period/year	474,913	434,580
The charge for the period/year	10,150	41,011
Disposals	(136)	(678)
Balance at the end of the period/year	484,927	474,913
Net book value	453,427	459,497

The following is a summary of the movement in the capital work in progress:

	31 March 2022 SR '000 (Unaudited)	31 December 2021 SR '000 (Audited)
Balance at the beginning of the period/year	605,696	423,884
Additions	33,236	196,208
Transfers to property, plant and equipment	-	(13,511)
Balance at the end of the period/year	638,932	606,581

Finance costs included in the cost of qualifying assets during the three months ended 31 March 2022 amounted to SR 815 thousand (31 March 2021: 602 thousand).

Capital work in progress as of 31 March 2022 represents mainly the costs incurred in constructing the Group's pharmaceutical factory in Ha'il Industrial City, new explosives plant in Riyadh, as well as other projects undertaken to comply with security regulations. Refer to note 10.1 for the capital commitments associated with those project. Both projects are expected to be completed during the current year.

The Group's pharmaceutical factory in Ha'il and the new explosives plant in Riyadh including the buildings, machineries, vehicles and all related assets have been pledged to the benefit of SIDF to secure the related loans.

Saudi Chemical Holding Company
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (COUNTNED)
As at 31 March 2022

4 TRADE RECEIVABLE

	31 March 2022 SR '000 (Unaudited)	31 December 2021 SR '000 (Audited)
Trade receivables	2,004,950	1,775,865
Provision for impairment of accounts receivable	(169,095)	(160,845)
Total	1,835,855	1,615,020

Trade receivables from Saudi government represent 62% of the total trade receivables as of 31 March 2022 (31 December 2021: 60% of the total trade receivable). These institutions have a strong credit rating in the Saudi market.

Revenues for the three-month period ending 31 March 2022 include sales to one government customer, amounting to SR 228 million, or 25% of the total revenues (31 March 2021: SR 235 million, or 24% of the total revenues).

The Group recognized an allowance for expected credit losses for trade receivables for the three months period ended 31 March 2022 in the amount of SR 8.2 million (31 March 2021: SR 8 million).

5 SHARE CAPITAL

As at 31 March 2022, the share capital of the Company was SR 843,200,000 (31 December 2021: SR 843,200,000) which is comprised of 84,320,000 shares (31 December 2021: 84,320,000 shares) of SR 10 each.

6 LOANS AND BORROWINGS

6.1 SAUDI INDUSTRIAL DEVELOPMENT FUND'S FINANCING

The long-term loans were obtained by two subsidiaries of the Group from Saudi Industrial Development Fund ("SIDF") to meet the Group's capital expenditure. The first loan was obtained by AJA Pharmaceuticals Industries Limited ("AJA Pharma") during 2016 and amounted to SR 157.5 million, of which the full amount of the facility has been utilized as at 31 March 2022 (31 December 2021: SR 157.5 million). The second loan was obtained by Saudi Chemical Company Limited ("SCCL") during 2020 and amounted to SR 229 million, of which the full amount of the facility has been utilized as at 31 March 2022 (31 December 2021: SR 183.2 million).

During 2021, AJA Pharma has defaulted on the repayment of two installments due on 28 January 2021 and 27 May 2021; respectively. As at 31 December 2021, AJA Pharma has restructured its agreement with SIDF to extend the maturity of the loan from September 2027 to August 2030. As part of the modification, the payment profile was also changed. Management has performed an analysis and believes that this does not result in the derecognition of the old borrowing. Management have discounted the present value of the new payment profile, which has resulted in a gain of SR 3.7 million, recorded under other income during the year ended 31 December 2021. Further, there is no change in the substance of the borrowing, apart from the change in the payment profile and extension of the tenure. The loan to AJA Pharma is repayable in sixteen semi-annual instalments starting from 15 Shawwal 1444 H (corresponding to 5 May 2023), while the loan to SCCL is repayable in fourteen semi-annual instalments starting from 15 Rabi Al-Thani 1444 H (corresponding to 9 November 2022).

Saudi Chemical Holding Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (COUNTNED)
As at 31 March 2022

6 LOANS AND BORROWINGS (CONTINUED)

6.1 SAUDI INDUSTRIAL DEVELOPMENT FUND'S FINANCING (CONTINUED)

The loans from SIDF carried fixed commission charges of SR 26.4 million, which have been paid upfront by the Group at the beginning of the loan term. The commission charges are being amortized over the terms of the loans. As at 31 March 2022, the unamortized balance amounted to SR 21.8 million (31 December 2021: SR 22.1 million).

The amortization of such qualified charges along with other finance costs of the loan are capitalized as part of the carrying value of the property, plant and equipment (during the construction period) or charged to profit or loss (post construction).

The agreements are secured promissory notes, and pledge of the subsidiaries' property, plant and equipment. The subsidiaries are required to comply with certain covenants under the loan facilities obtained.

The following represents a summary of information about the Saudi Industrial Development Fund's:

	31 March 2022 SR '000 (Unaudited)	31 December 2021 SR '000 (Audited)
Loans from Saudi Industrial Development Fund	386,500	386,500
Less: Unamortized processing fees	(21,322)	(22,121)
Present value adjustment	(3,567)	(3,672)
	361,611	360,707
Current	8,000	8,000
Non-current	353,611	352,707
	361,611	360,707

6.2 SHORT-TERM LOANS

The Group is using Islamic financing to finance its business operations. These facilities bear finance cost at SIBOR plus prevailing market rates. The facilities are secured by promissory notes. The facilities agreement includes covenants requiring the maintenance of certain levels of financial ratios, and one of the agreements includes acknowledge assignment of SIDF financing's proceeds in favor of lending bank. During 2021 Group was also in breach of certain banks covenants. However, subsequent to yearend, the Groupe have received waiver letters.

The following represents a summary of information about the short-term loans:

	<i>Amount utilized in the form of</i>				
	<i>Facility limit</i>	<i>Withdrawals</i>	<i>Letters of credit</i>	<i>Letters of guarantee</i>	<i>Utilized amount</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
<i>As at 31 March 2022 (unaudited)</i>					
Saudi Chemical Holding Company	389,725	42,500	-	-	42,500
Saudi International Trading Company	3,330,000	1,436,104	100,735	279,531	1,816,370
Chemical Commercial Company					
Investment	-	10,387	-	-	10,387
AJA Pharmaceutical Industries Company	123,000	22,741	3,171	-	22,741
Saudi Chemical Company Ltd	460,000	215,457	1,514	11,839	228,810
Suez International Nitrate Company	-	-	-	10	10
Total	4,302,725	1,727,189	105,420	291,380	2,120,818

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(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (COUNTNED)
As at 31 March 2022

6 LOANS AND BORROWINGS (CONTINUED)

6.2 SHORT-TERM LOANS (CONTINUED)

	<i>Amount utilized in the form of</i>				
	<i>Facility limit</i>	<i>Withdrawals</i>	<i>Letters of credit (Note 10.1)</i>	<i>Letters of guarantee (Note 10.1)</i>	<i>Utilized amount</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
<i>As at 31 December 2021 (Audited)</i>					
Saudi Chemical Holding Company	389,725	42,500	-	-	42,500
Saudi International Trading Company	3,330,000	1,230,912	149,204	210,123	1,590,239
Chemical Commercial Company					
Investment	65,000	16,387	-	-	16,387
AJA Pharmaceutical Industries Company	123,000	29,896	-	-	29,896
Saudi Chemical Company Ltd	460,000	214,730	1,514	11,839	228,083
Suez International Nitrate Company	-	-	-	12	12
Total	4,367,725	1,534,425	150,718	221,974	1,907,117

7 ZAKAT AND INCOME TAX

7.1 Movement in provision for zakat and income tax during the period/year

	<i>31 March 2022 SR '000 (Unaudited)</i>	<i>31 December 2021 SR '000 (Audited)</i>
As at the beginning period/year	46,230	34,207
Charged during the period/year	9,075	36,374
Paid during the period/year	-	(24,352)
As at the end of the period/year	55,305	46,229

Zakat and income tax provisions of SR 9.1 million were recognized by the Group during the Three months ended 31 March 2022 (31 March 2021: SR 9.6 million).

The Group obtained the approval from Zakat, Tax and Customs Authority ("ZATCA") to submit consolidated zakat returns for the holding company and the following subsidiaries: SCCL, AJA Pharma, and CCCIL starting from the year 2020. In addition, SITCO Pharma submits a separate zakat return.

The Group and SITCO Pharma have filed their zakat declarations and obtained zakat certificates for the years up to 2021.

As at 31 March 2022, the Group obtained the final zakat assessments from the ZATCA up to the year 2020, which resulted in an additional amount of SR 15.7 million. The assessment is being contested by the Group in accordance with the relevant procedures.

During the year ended 31 December 2019, SITCO Pharma obtained the final zakat assessments for years up to 2017 from the ZATCA.

Saudi Chemical Holding Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (COUNTNED)
As at 31 March 2022

8 BASIC AND DILUTED EARNING PER SHARE

Earnings per share is computed using net profit for the period attributable to Shareholders of the Group based on the weighted average number of shares outstanding during such period. The diluted earnings per share are the same as the basic earnings per share as the Group does not have any dilutive instruments in issue.

9 FINANCIAL INSTRUMENTS

The following are the categories of the financial assets and liabilities carried on the interim condensed consolidated statement of financial position

	31 March 2022 SR '000 (Unaudited)	31 December 2021 SR '000 (Audited)
Financial assets at amortized cost		
Trade receivables	1,835,855	1,615,021
Other assets	28,591	32,372
Cash and cash equivalents	114,461	101,194
Total financial assets at amortized cost	1,978,907	1,748,587
Financial liabilities at amortized cost:		
Saudi Industrial Development Fund's financing	361,611	360,707
Lease liabilities	7,858	10,547
Short-term financing	1,727,189	1,534,426
Trade payables	724,235	803,652
Dividends payable	13,306	55,468
Accrued expenses and other liabilities	104,316	107,045
Total financial liabilities at amortized cost	2,938,515	2,871,845

The Group did not provide fair value disclosures, as it believes that the fair values of financial instruments are not materially different from their carrying values at the reporting date.

10 CONTINGENT LIABILITIES AND COMMITMENTS

10.1 CONTINGENT LIABILITIES

- A) As at 31 March 2022, the Group had outstanding letters of guarantee amounting to SR 291.3 million (31 December 2021: SR 221.9 million), issued in the normal course of business of the Group. Moreover, as at 31 March 2022, the Group had outstanding letters of credit amounting to SR 105.4 million (31 December 2021: SR 150.7 million).
- B) The Group has contingent liabilities from time to time relating to certain disputed matters, including claims from and against contractors, litigation and arbitration proceedings involving a variety of cases. These contingent liabilities arose in the normal course of business. The management believes and with the consulting of its legal consultant that no significant obligations are expected to be incurred from these potential claims.

10.2 COMMERCIAL AND CAPITAL COMMITMENTS

Capital commitments outstanding as at 31 March 2022, in respect of capital work in progress projects of SR 85 million (31 December 2021: SR 151 million).

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As at 31 March 2022

11 SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group evaluates segmental performance on the basis of profit or loss from operations. The Group's operations are principally in the explosives, medicines and medical supplies and production of ammonium nitrate, while the Head office includes operation of the holding company. Certain selected financial information for the above-mentioned business segments is summarized below. Except for the information related to the production of ammonium nitrate segment that is located in the Arab Republic of Egypt, all other information is related to the business segments in the Kingdom of Saudi Arabia. All inter-company transactions within the appropriately reported segments have been eliminated.

	<i>Explosive</i>	<i>Medicine and medical supplies</i>	<i>Production of ammonium nitrate</i>	<i>Head office</i>	<i>Eliminations / Adjustments</i>	<i>Total</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
<i>As at 31 March 2022 (Unaudited)</i>						
Segment assets	863,946	3,436,266	154,074	1,783,091	(1,524,507)	4,712,870
Segment liabilities	692,128	2,557,671	125,959	128,579	(449,718)	3,054,619
<i>As at 31 December 2021 (Audited)</i>						
Segment assets	844,542	3,305,437	151,075	1,766,055	(1,464,385)	4,602,724
Segment liabilities	690,626	2,458,411	126,052	147,872	(445,485)	2,977,476
	<i>Explosive</i>	<i>Medicine and medical supplies</i>	<i>Production of ammonium nitrate</i>	<i>Head office</i>	<i>Eliminations / Adjustments</i>	<i>Total</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
<i>For the three-month period ended 31 March 2022 (Unaudited)</i>						
Revenues	81,153	817,924	4,914	-	-	903,991
Intersegment revenue	-	33,611	11,529	-	(45,140)	-
Net revenues	81,153	851,535	16,443		(45,140)	903,991
<i>Segment comprehensive income (loss)</i>	12,883	30,558	(1,161)	32,706	(41,983)	33,003
	<i>Explosive</i>	<i>Medicine and medical supplies</i>	<i>Production of ammonium nitrate</i>	<i>Head office</i>	<i>Eliminations / Adjustments</i>	<i>Total</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
<i>For the three-month period ended 31 March 2021 (Unaudited)</i>						
Revenues	81,634	882,420	5,406	-	-	969,460
Intersegment revenue	-	17,332	5,211	-	(22,543)	-
Net revenues	81,634	899,752	10,617		(22,543)	969,460
<i>Segment comprehensive income (loss)</i>	19,732	27,591	(899)	40,827	(46,064)	41,187

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12 DIVIDENDS

In its meeting held on 10 Shawwal 1443H (corresponding to 11 May 2022), the Ordinary General Assembly of the Company has authorized the Board of Directors to distribute interim dividends on a quarterly or semi-annual basis for the fiscal year 2022. It has also approved the Board of Director's remuneration for the year ended 31 December 2021 amounting to SR 2,020,800.

The Board of Directors, in its meeting held on 18 Jumada Al Awal 1442H (corresponding to 22 December 2021), approved the distribution of interim cash dividends amounting to SR 42,160,000 for the period ended 30 September 2021. This amount has been paid during the current period.

13 COMPARATIVE FIGURES

Certain comparative figures for the previous period have been reclassified to conform to the current period's presentation.

14 SUBSEQUENT EVENTS

The management of the Group believes that no significant events have occurred subsequent to the period end that may require adjustment to or disclosure in these interim condensed consolidated financial statements.

15 THE IMPACT OF COVID-19 PANDEMIC

A new strain of Coronavirus (Covid-19) was identified for the first time at the end of December 2019, during the month of March 2020, the World Health Organization proclaimed this a global pandemic. The new Corona virus continued to spread all over the world, including the Kingdom of Saudi Arabia, which causes implementation of travel restrictions and the imposition of a curfew in the cities, this resulted in a slowdown in economic activity and the closure of many sectors at the global and local level.

The extent of the impact of the Coronavirus pandemic on the Group's business, operations and financial results is uncertain and depends on many factors and future developments, which the Group may not be able to estimate reliably during the current period. These factors include the rate of transmission of the virus, the duration of the outbreak, the precautionary measures that government authorities may take to limit the spread of the epidemic, and the impact of those measures on economic activity.

Until the date of preparing the interim condensed consolidated financial statements, the company's business and operations were not materially affected by the consequences of the outbreak of the virus, taking into account the lesser impact of the pandemic on the business of companies operating in the manufacturing sector.

16 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements have been approved by the Board of Directors of the Company on 13 Shawwal 1443H (corresponding to 14 May 2022).