

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2022

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2022

INDEX	PAGE
Independent auditor's review report on condensed consolidated interim financial statements	1
Condensed consolidated interim statement of financial position	2
Condensed consolidated interim statement of profit or loss and other comprehensive income	3
Condensed consolidated interim statement of changes in equity	4
Condensed consolidated interim statement of cash flows	5
Notes to the condensed consolidated interim financial statements	6 – 13

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders
NAMA Chemicals Company
(A Saudi Joint Stock Company)

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of NAMA Chemicals Company (A Saudi joint stock company) (the "Company") and its subsidiaries (collectively referred to as the "Group") as at June 30, 2022 and the related interim condensed consolidated statements of profit or loss and the other comprehensive income for the three and six month periods ended June 30, 2022, and the related interim condensed consolidated statements of changes in equity and cash flows for the six month period ended June 30, 2022, and other explanatory notes. The Group's management is responsible for the preparation and presentation of these Interim condensed consolidated financial statements in accordance with International Accounting Standard No. 34 "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review:

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independents Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed 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 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 such an audit opinion.

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard No. 34 as endorsed in the Kingdom of Saudi Arabia.

Alkharashi & Co.

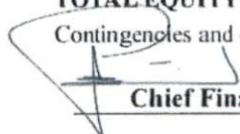




Abdullah AlMsned
License No. 456



Riyadh:
Muharram 02, 1444H
July 31, 2022

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	JUNE 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	645,120	670,474
Deferred cost		34,772	35,744
Investment properties		68,009	69,115
Long term prepaid employees' benefit		108,308	115,196
Total non-current assets		856,209	890,529
Current assets			
Inventories		101,670	107,120
Long Term Prepaid Employees' Benefit – Current Portion		5,738	5,738
Trade receivables		142,863	119,008
Advances, prepayments and other receivables		36,088	20,750
Cash and cash equivalents		17,489	10,264
Total current assets		303,848	262,880
TOTAL ASSETS		1,160,057	1,153,409
EQUITY AND LIABILITIES			
Equity			
Share capital		235,200	235,200
Statutory Reserve		2,733	2,733
Actuarial remeasurement reserves / other reserves		(5,723)	(5,744)
Retained earnings		160,630	100,549
Total equity		392,840	332,738
LIABILITIES			
Non-current liabilities			
Long term loans – non-current portion	5	430,904	462,904
Employees' end of service benefits		33,732	33,441
Lease Liabilities - non-current	6	10,984	10,301
Total non-current liabilities		475,620	506,646
Current liabilities			
Long term loans – current portion	5	51,005	49,413
Short term loans	5	-	3,739
Lease Liabilities – current	6	3,257	1,084
Trade and other payables		161,598	204,814
Provision for zakat		9,688	10,146
Accrued expenses and other liabilities		66,049	44,829
Total current liabilities		291,597	314,025
Total liabilities		767,217	820,671
TOTAL EQUITY AND LIABILITIES		1,160,057	1,153,409
Contingencies and commitments	7		
 Chief Financial Officer		 Chief Executive Officer	 Chairman

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

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Period from April 1 to June 30,		Period from January 1 to June 30,	
		2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Revenue		154,890	122,832	327,697	285,648
Cost of revenue		(103,508)	(93,922)	(224,275)	(222,735)
Gross profit		51,382	28,910	103,422	62,913
Selling and distribution expenses		(9,430)	(9,270)	(19,265)	(19,222)
General and administrative expenses		(11,145)	(10,165)	(20,561)	(21,380)
Operating profit		30,807	9,475	63,596	22,311
Finance cost, net		(3,471)	(2,473)	(6,408)	(6,214)
Other income, net		(435)	3,609	3,351	5,522
Profit before zakat		26,901	10,611	60,539	21,619
Zakat		(229)	(1,038)	(458)	(2,077)
Net profit for the period		26,672	9,573	60,081	19,542
Other comprehensive income:					
<i>Items that will not be reclassified to profit or loss:</i>					
Change in fair value of equity instruments at fair value through other comprehensive income		-	6,817	-	17,443
<i>Items that may be reclassified to profit or loss:</i>					
Exchange differences on translation of foreign operations		24	3	21	(7)
Other comprehensive income for the period		24	6,820	21	17,436
Total comprehensive income for the period		26,696	16,393	60,102	36,978
Earnings per share					
- Basic (SR)	10	1.134	0.410	2.554	0.837
- Diluted (SR)	10	1.134	0.407	2.554	0.831
Weighted average number of shares outstanding:					
- Basic ('000')	10	23,520	23,355	23,520	23,355
- Diluted ('000')	10	23,520	23,520	23,520	23,520


Chief Financial Officer


Chief Executive Officer


Chairman

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

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022
 (All amounts in Saudi Riyals thousands unless otherwise stated)

	Share Capital	Statutory reserves	Actuarial remeasurement reserves / other reserves	Retained earnings/ Accumulated (losses)	Treasury Shares	Total equity
Balance at January 1, 2021 (Audited)	235,200	-	101,298	(46,968)	(2,911)	286,619
Net profit for the period	-	-	-	19,542	-	19,542
Other comprehensive profit for the period	-	-	17,436	-	-	17,436
Total comprehensive profit for the period	-	-	17,436	19,542	-	36,978
Balance at June 30, 2021 (unaudited)	235,200	-	118,734	(27,426)	(2,911)	323,597
Balance at January 1, 2022 (Audited)	235,200	2,733	(5,744)	100,549	-	332,738
Net profit for the period	-	-	-	60,081	-	60,081
Other comprehensive profit for the period	-	-	21	-	-	21
Total comprehensive income for the period	-	-	21	60,081	-	60,102
Balance at June 30, 2022 (unaudited)	235,200	2,733	(5,723)	160,630	-	392,840



Chief Financial Officer

Chief Executive Officer



Chairman



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

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

	JUNE 30, 2022	JUNE 30, 2021
	(Unaudited)	
Cash flows from operating activities		
Net profit for the period	60,081	19,542
Adjustments for non-cash items:		
Depreciation on operating fixed assets	34,167	29,432
Amortization of deferred cost of Villa development	972	2,642
Amortization on investment properties	1,106	1,105
(Reversal) / Allowance of trade receivables	(964)	3,996
Provision for zakat	459	2,077
Dividend Income	-	(2,506)
Finance cost, net	578	361
Settlement of Long-Term Prepaid Employee Benefits	6,888	3,222
Provision for employees' end of service benefits	1,503	1,666
	<u>104,790</u>	<u>61,537</u>
Working capital adjustments:		
Inventories	5,450	8,951
Trade receivables	(22,891)	(36,524)
Advances, prepayments, and other receivables	(15,338)	(14,908)
Trade and other payables	(43,216)	9,178
Accrued expenses and other liabilities	21,220	28,250
Cash generated from operations	<u>50,015</u>	<u>56,484</u>
Zakat paid	(917)	-
Employees' end of service benefits paid	(1,212)	(3,680)
Net cash generated from operating activities	<u>47,886</u>	<u>52,804</u>
Cash flows from investing activities		
Dividend income received	-	2,506
Additions to property, plant and equipment	(2,759)	(676)
Net cash (used in) / generated from investing activities	<u>(2,759)</u>	<u>1,830</u>
Cash flows from financing activities		
Changes in short term loans	(3,739)	(9,461)
Lease liabilities settled	(3,776)	(1,903)
Repayment of long-term loans	(30,408)	(30,367)
Net cash used in financing activities	<u>(37,923)</u>	<u>(41,731)</u>
Net change in cash and cash equivalents	7,204	12,903
Exchange differences on translation of foreign operations	21	(7)
Cash and cash equivalents at January 01,	10,264	6,163
Cash and cash equivalents at June 30,	<u>17,489</u>	<u>19,059</u>
Noncash transactions:		
Change in fair value of investments	-	17,443


Chief Financial Officer


Chief Executive Officer


Chairman

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

1. ORGANIZATION AND ACTIVITIES

NAMA Chemicals Company ("the Company") ("NAMA") is a Saudi Joint Stock Company registered in Al-Jubail Industrial City under the commercial registration Number 2055007420. The registered office of the Company is situated in Al- Jubail, Kingdom of Saudi Arabia. The share capital of the Company amounts to SR 235.2 million divided into 23.52 million shares of SR 10 each.

The principal activities of NAMA and its subsidiaries ("the Group"), each of which operates under individual commercial registration, are to own, establish, operate and manage industrial projects in the petrochemical and chemical fields and engaged in real estate operations.

The Company's registered address is P.O. Box 11919, Jubail Industrial City 31961, Kingdom of Saudi Arabia.

1.1 Structure of the group

The consolidated financial statements include the financial statements of the company and the following subsidiaries:

- Al-Jubail Chemical Industries Company ("JANA"), a limited liability Company, is owned 95% by NAMA and 5% by NAMA Industrial Investment Company, a subsidiary of NAMA.
- Arabian Alkali Company ("SODA"), a limited liability Company, is owned 90% by NAMA and remaining 10% by JANA.
- NAMA Industrial Investment Company, a limited liability Company, is owned 95% by NAMA and 5% by SODA.
- NAMA Europa GMBH, a limited liability Company incorporated in Switzerland, is owned 99% by NAMA Industrial Investment Company and 1% by NAMA. The shareholding was notified in the commercial registry in Bern vide - CH-036.4.041.685-8.
- NAMA Germany GMBH, a limited liability Company incorporated in Germany, is fully owned by NAMA Europa GMBH.

NAMA has effectively 100% ownership in these subsidiaries. The above wholly owned subsidiaries, including their assets, liabilities and results of operations, are included in the accompanying consolidated financial statements.

1.2 Covid 19 update

In response to the spread of the Covid-19 in Kingdom of Saudi Arabia where the Group operates and its resulting disruptions to the social and economic activities in those markets, Management continues to proactively assess its impacts on its operations. The preventive measures taken by the Group in 2020 are still in effect including the creation of on-going crisis management teams and processes, to ensure the health and safety of its employees, customers, consumers and the wider community as well as to ensure the continuity of supply of its products throughout its markets. Notwithstanding these challenges, the Group's operations continue to remain largely unaffected during the year 2022. Manufacturing facilities continue to observe restricted access; however, the management is currently in the process of formulating protocols to arrange for access of fully vaccinated individuals on such sites. The management developed a comprehensive plan to get all its employees vaccinated and managed to secure the vaccination rate in excess of 100% as of June 30, 2022.

Based on these factors, Management believes that the Covid-19 pandemic has had no material effect on NAMA's reported financial results for the period ended June 30, 2022. The Group continues to monitor the Covid-19 situation closely although at this time management is not aware of any factors that are expected to change the impact of the pandemic on the Group's operations during 2022 or beyond.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed consolidated interim financial statements for the six months period ended June 30, 2022 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). The accompanying condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and hence should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2021.

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

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2022

(All amounts in Saudi Riyals thousands unless otherwise stated)

2. BASIS OF PREPARATION(Continued)

2.2 Preparation of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements are prepared under the historical cost convention, as modified for financial assets at fair value through other comprehensive income and by using the actuarial basis for employees' end of service benefits, on the accrual basis of accounting. The principal accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2021.

The preparation of these condensed consolidated interim financial statements in conformity with IFRS required management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts in the condensed consolidated interim financial statements. These critical accounting judgements and key sources of estimations were the same as those described in the last annual financial statements.

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR), which is the functional and presentation currency of the Group. All amounts are presented in Saudi Riyals thousands except the earning per share.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies adopted by the Group:

3.1 Basis of consolidation

These condensed consolidated interim financial statements incorporate the financial statements of the Group detailed in note 1.1. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the condensed consolidated interim statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Condensed consolidated interim statement of profit or loss and each component of other comprehensive income are attributed to the shareholders of the Group. Total comprehensive income of subsidiaries is attributed to the shareholders of the Group.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2022

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 New Standards, Amendments to Standards and Interpretations

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2022 and has been explained in the Group annual consolidated financial statements.

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

3.3 Use of Judgments and Estimates:

In preparing these Condensed Consolidated Interim Financial Statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual audited Consolidated Financial Statements.

However, the Group has reviewed the key sources of estimation uncertainties disclosed in the last annual Consolidated Financial Statements against the backdrop of the Covid-19 pandemic. Management believes that other than the expected credit losses arising on the financial assets, all other sources of estimation uncertainty remain similar to those disclosed in the annual Consolidated Financial Statements. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	June 30,2022 (Unaudited)	December 31, 2021 (Audited)
Operating fixed assets	4.1	631,052	659,719
Right of use assets	4.2	14,068	10,755
		<u>645,120</u>	<u>670,474</u>

4.1 Operating fixed assets

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Cost:		
At the beginning of the period / year	2,221,323	2,210,873
Additions	2,759	15,991
Disposals	-	(5,541)
Transfers	-	-
At the end of the period / year	<u>2,224,082</u>	<u>2,221,323</u>
Accumulated depreciation:		
At the beginning of the period / year	901,926	845,068
Disposals	-	(519)
Transfers	-	-
Charge for the period / year	31,426	57,377
At the end of the period / year	<u>933,352</u>	<u>901,926</u>
Accumulated impairment:		
At the beginning of the period / year	659,678	659,678
Charge for the period / year	-	-
At the end of the period / year	<u>659,678</u>	<u>659,678</u>
Net book value:		
At the end of the period / year	<u>631,052</u>	<u>659,719</u>

NAMA CHEMICALS COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**(UNAUDITED)** (Continued)**FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2022**

(All amounts in Saudi Riyals thousands unless otherwise stated)

4. PROPERTY, PLANT AND EQUIPMENT(Continued)**4.2 Right of use**

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

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Right of use assets:		
Land	9,216	9,737
Pipeline	605	651
Vehicles	14	170
Computers	487	197
Forklifts	3,746	-
	<u>14,068</u>	<u>10,755</u>

The Group has recently changed its policy for acquiring movable PPE (vehicles, computers, forklifts & others) from buying to long term lease basis.

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

	June 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Opening balance	10,755	12,260
New ROU	6,054	245
Depreciation for the period / year	(2,741)	(1,750)
Closing balance	<u>14,068</u>	<u>10,755</u>

5. LOANS**Short term loans**

JANA, one of the subsidiaries of the Group, obtained bank facilities from local banks for short-term loans and letters of credits. These facilities bear interest at rate based on SAIBOR plus a margin. These facilities are secured by a corporate guarantee from NAMA.

Long term loans

	June 31, 2022 (Unaudited)	December 31, 2021 (Audited)
SIDF Loan (note 5.1)	439,736	453,311
Tawarruq financing (note 5.2)	21,229	28,642
Murabaha loans (note 5.3)	20,944	30,364
	<u>481,909</u>	<u>512,317</u>
Less: current portion	(51,005)	(49,413)
Long term loans – non-current portion	<u>430,904</u>	<u>462,904</u>

5.1 SIDF Loan

This loan includes two loan tranches obtained from Saudi Industrial Development Fund (SIDF) for the construction and expansion of Epoxy and Hassad plant respectively.

SIDF loans covenants include maximum limits for capital expenditure and maintenance of certain financial ratios during the period of the loan. The loan is secured against the mortgage of the operating fixed assets of JANA.

5.2 Tawarruq financing

This loan is obtained from Jazira Bank and was initially repayable in 57 equal monthly installments of SR 2.7 million starting from January 31, 2018. However, in May 2020 the bank agreed to postpone the repayment of 6 installments and also revised the installment amounts as Covid-19 support. During May 2022, the loan has been rescheduled to pay in 8 equal installments of SR 2.64 million starting from August 31, 2022.

The bank loan covenants include maintenance of certain financial ratios during the period of the loan. It is subject to mark-up at SIBOR plus margin and is secured by promissory notes.

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2022

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. LOANS(continued)

5.3 Murabaha loans

This loan includes three loan tranches obtained from Saudi British Bank. The first tranche is repayable in 47 equal monthly installments of SR 0.75 million starting from March 26, 2018. The second tranche is repayable in 47 equal monthly installments of SR 1.06 million starting from March 12, 2018. The third tranche is repayable in 18 equal monthly installments of SR 1.61 million starting from February 28, 2022.

6. LEASE LIABILITIES

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at the beginning of period / year	11,385	12,914
Lease Liability Addition	6,055	245
Interest accrued during the period / year	578	704
Liabilities paid during the period / year	(3,777)	(2,478)
Balance at the end of period / year	14,241	11,385
Less: current lease liabilities	3,257	(1,084)
Non-current lease liabilities	10,984	10,301

7. CONTINGENCIES AND COMMITMENTS

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

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Letters of credit (1)	31,088	156
Letters of guarantee (2)	8,611	8,811

(1) At the reporting date, the group has issued letters of credit of SR 31,088 k (December 31,2021: SR 156K) to various vendors as per the terms of their respective agreements. No cash margin have been made for the issuance of these letters of credit.

(2) At the reporting date, the group has issued letters of guarantee of SR 8,611 k (December 31,2021: SR 8,811 k) to various vendors and government bodies as per the terms of their respective agreements, these letters of guarantee have been covered by SR 2,739 k (December 31,2021: SR 3,429 k) which is classified under advances, prepayments and other receivables in the statements of financial position.

The group has no capital commitments as at June 30,2022 and December 31,2021.

8. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties consist of subsidiaries, affiliates, Board of Directors, and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group. The transactions are dealt with on mutually agreed terms and the terms and conditions on these transactions are approved by the Group's management. Transactions with key management personnel are as follows:

	For the three months ended June 30,2022 (Unaudited)	For the three months ended June 30,2021 (Unaudited)	For the Six months ended June 30,2022 (Unaudited)	For the six months ended June 30,2021 (Unaudited)
Short term benefits	1,466	1,165	2,633	2,163
Employees' end of service benefits	48	45	97	87
Board remunerations	704	746	1,432	1,251
	2,218	1956	4,162	3,501

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2022

(All amounts in Saudi Riyals thousands unless otherwise stated)

9. SEGMENTAL INFORMATION

Consistent with the Group's internal reporting process, business segments have been approved by management in respect of the Group's activities. The Group's unaudited sales, net (loss)/profit, assets, and liabilities by business segment, are as follows:

	Epoxy resin products	Chloe Alkali products	Inter-Group eliminations	Others	Total
For the six months ended June 30, 2022					
Revenue	220,359	175,141	(78,252)	10,449	327,697
Net profit	36,081	53,874	(32,130)	2,256	60,081
Total assets	580,547	474,888	-	104,622	1,160,057
Total liabilities	370,451	334,420	-	62,348	767,219
For the six months ended June 30 2021					
Revenue	157,291	122,673	(4,799)	10,483	285,648
Net profit	7,108	5,087	3,732	3,615	19,542
Total assets	520,687	524,953	-	260,147	1,305,787
Total liabilities	381,854	486,007	-	114,329	982,190

Reconciliation of net loss of operating segments

	June 30, 2022	June 30, 2021
Segment profit	92,211	15,810
Inter-segment profit elimination	(32,130)	3,732
Net profit for the period	60,081	19,542

Geographical Information

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

	June 30, 2022	June 30, 2021
Revenue		
Saudi Arabia	154,323	128,386
Other countries	173,374	157,262
Total Revenue	327,697	285,648
Non-Current Assets		
Saudi Arabia	1,160,057	1,066,360

10. PROFIT PER SHARE

	For the Six-months ended June 30, 2022 (Unaudited)	For the Six-months ended June 30, 2021 (Unaudited)
Net Profit for the period attributable to the shareholders of the Group	60,081	19,542
Average number of ordinary shares for the purposes of basic loss (in thousands)	23,520	23,355
Average number of ordinary shares for the purposes of diluted loss (in thousands)	23,520	23,520
Profit per share		
Basic profit per share	2.554	0.837
Diluted profit per share	2.554	0.831

NAMA CHEMICALS COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**(UNAUDITED)** (Continued)**FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2022**

(All amounts in Saudi Riyals thousands unless otherwise stated)

10. PROFIT PER SHARE (continued)

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

	For the Six- months ended June 30, 2022 (Unaudited)	For the Six- months ended June 30, 2021 (Unaudited)
Ordinary shares for the purposes of basic profit per share (in thousands)	23,520	23,355
Add: Treasury shares	-	165
Shares for the purposes of diluted profit per share (in thousands)	23,520	23,520

11. LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system.

12. CAPITAL AND RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, the Group manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total of long-term finance and short term borrowings. Total capital employed comprises shareholders' equity as shown in the consolidated statement of financial position under 'share capital and reserves' and net debt (net of cash and cash equivalent). The salient information relating to capital risk management of the Group as of June 30, 2022 is as follows;

The calculation of net debt was as follows;

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash and cash equivalents	(17,489)	(10,264)
Borrowings	481,909	516,056
Lease liabilities	14,241	11,385
Net debt	478,661	517,177

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

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Total debt	496,150	527,441
Less: Cash and bank balances	(17,489)	(10,264)
Net debt	478,661	517,177
Total Equity	392,840	332,738
Total capital employed	871,501	849,915
Gearing ratio	55%	61%

13. SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the period-end that require disclosure or adjustment in these Condensed Consolidated Interim Financial Statements.

14. COMPARATIVE FIGURES

Certain prior period figures have been reclassified to conform to current period presentation.

NAMA CHEMICALS COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2022

(All amounts in Saudi Riyals thousands unless otherwise stated)

15. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements have been approved and authorized for issue by the Group's Board of Directors on July 31, 2022 corresponding to Muharram 02, 1444H.