

**National Fertilizer Company**  
**(A Saudi Joint Stock Company)**

**Unaudited interim condensed**  
**Financial statements**

**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

**AND INDEPENDENT AUDITOR'S REVIEW REPORT**

National Fertilizer Company  
(A Saudi Joint Stock Company)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
For the six-month period ended 30 June 2022

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اللحييد و اليحيي  
محاسبون قانونيون  
ALLUHAIID & ALYAHYA  
CHARTERED ACCOUNTANTS

Alluhaid & Alyahya Chartered Accountants  
License No. ( 735 ) CR:1010468314  
Paid up capital SR 100,000  
A Limited Liability Company  
Kingdom of Saudi Arabia Riyadh King Fahd Road ,  
Muhammadiyah District , Garnd Tower 12th Floor

**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS  
TO THE SHAREHOLDERS OF NATIONAL FERTILIZER COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**Introduction**

We have reviewed the accompanying interim condensed statement of financial position of National Fertilizer Company ("the Company") as 30 June 2022 and the related interim condensed statement of profit or loss and other comprehensive income, for the six-month periods then ended, and the interim condensed statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with International Accounting Standards 34 – "Interim Financial Reporting" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this 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' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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.

**Other matter**

The financial statements of the Company for the year ended 31 December 2021 were audited by another auditor, who expressed an unmodified opinion on those financial statements on 27 Shaaban 1443H (corresponding 30 March 2022). Also, the interim condensed financial statements of the Company for the period ended 30 June 2021 were reviewed by the same auditor, who issued an unmodified conclusion on those interim condensed financial statements on 22 Muharram 1443H (corresponding 30 August 2021).

**Conclusion**

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

For Alluhaid & Alyahya Chartered Accountants

Turki A. Alluhaid  
Certified Public Accountant  
License No. (438)  
Riyadh: 12 Safar 1444H  
(8 September 2022)



National Fertilizer Company  
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME

For the six-month period ended 30 June 2022

	Note	30 June 2022 (Unaudited) SR	30 June 2021 (Restated) SR
Revenue			
Cost of revenue		97,755,725 (73,182,088)	86,897,463 (59,461,016)
<b>GROSS PROFIT</b>		<b>24,573,637</b>	<b>27,436,447</b>
General and administrative expenses		(2,656,698)	(2,640,640)
Selling and distribution expenses		(12,339,656)	(12,048,761)
Amortization of right-of-use assets	12	(392,160)	(392,164)
<b>OPERATING PROFIT</b>		<b>9,185,123</b>	<b>12,354,882</b>
Share of profit of investment in a joint venture			
Other income	11	2,084,961	654,476
Finance charges		85,391 (970,575)	259,025 (237,919)
<b>PROFIT BEFORE ZAKAT</b>		<b>10,384,900</b>	<b>13,030,464</b>
Zakat	5	(909,405)	(825,000)
<b>NET INCOME FOR THE PERIOD</b>		<b>9,475,495</b>	<b>12,205,464</b>
Other comprehensive income that will not be reclassified subsequently to the statement of profit or loss			
Remeasurement of employee benefit obligations		(95,993)	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>9,379,502</b>	<b>12,205,464</b>
<b>EARNINGS PER SHARE:</b>			
Basic and diluted earnings per share		1.88	2.44



**Chief Financial Officer**

**Chief Executive Officer**

**Chairman of the Board of Directors**

The attached notes 1 to 20 form an integral part of these Interim condensed financial statements.

National Fertilizer Company  
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	30 June 2022 SR (Unaudited)	31 December 2021 SR (Restated)	1 January 2021 SR (Restated)
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		4,813,067	7,747,190	9,641,894
Trade receivables	6	39,152,976	29,437,624	23,359,771
Prepayments and other receivables	7	15,755,079	14,444,287	11,790,583
Inventories	8	45,795,834	34,128,519	34,527,100
Amounts due from related parties	9	264,237	714,924	838,144
<b>TOTAL CURRENT ASSETS</b>		<b>105,781,193</b>	<b>86,472,544</b>	<b>80,157,492</b>
<b>NON-CURRENT ASSETS</b>				
Property and equipment	10	7,434,904	8,678,092	8,225,825
Investment in a joint venture	11	13,865,901	11,780,940	10,384,929
Right-of-use assets	12	4,678,082	5,070,242	5,210,843
<b>TOTAL NON-CURRENT ASSETS</b>		<b>25,978,887</b>	<b>25,529,274</b>	<b>23,821,597</b>
<b>TOTAL ASSETS</b>		<b>131,760,080</b>	<b>112,001,818</b>	<b>103,979,089</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Borrowings	14	28,285,390	14,859,402	17,007,636
Trade payables		14,203,638	12,158,128	6,901,738
Current portion of lease liabilities	12	749,971	728,127	540,270
Accrued expenses and other payables	13	4,702,975	3,655,739	4,438,456
Amounts due to related parties	9	-	233,872	972,317
Zakat payable	5	907,651	2,281,986	1,619,744
<b>TOTAL CURRENT LIABILITIES</b>		<b>48,849,625</b>	<b>33,917,254</b>	<b>31,480,161</b>
<b>NON-CURRENT LIABILITIES</b>				
Non-current portion of lease liabilities	12	3,353,232	3,948,154	4,467,735
Employee benefit obligations	15	10,417,646	9,876,335	8,837,509
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>13,770,878</b>	<b>13,824,489</b>	<b>13,305,244</b>
<b>TOTAL LIABILITIES</b>		<b>62,620,503</b>	<b>47,741,743</b>	<b>44,785,405</b>
<b>EQUITY</b>				
Capital		50,000,000	50,000,000	50,000,000
Statutory reserve		11,572,769	11,572,769	9,960,317
Retained earnings		7,566,808	2,687,306	(766,633)
<b>TOTAL EQUITY</b>		<b>69,139,577</b>	<b>64,260,075</b>	<b>59,193,684</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>131,760,080</b>	<b>112,001,818</b>	<b>103,979,089</b>



Chief Financial Officer

Chief Executive Officer

Chairman of the Board of Directors

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National Fertilizer Company  
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**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**

For the six-month period ended 30 June 2022

	Capital SR	Statutory Reserve SR	Retained earnings SR	Total shareholders' equity SR	Non- controlling interest SR	Total equity SR
Balance as at 1 January 2021, (Restated)	50,000,000	11,572,769	2,687,306	64,260,075	-	64,260,075
Comprehensive income:						
Net income for the period	-	-	9,475,495	9,475,495	-	9,475,495
Other comprehensive loss for the period	-	-	(95,993)	(95,993)	-	(95,993)
Total comprehensive income for the period	-	-	9,379,502	9,379,502	-	9,379,502
Dividends (note 17)	-	-	(4,500,000)	(4,500,000)	-	(4,500,000)
Balance as at 30 June 2022	50,000,000	11,572,769	7,566,808	69,139,577	-	69,139,577
Balance as at 1 January 2021	50,000,000	9,960,317	(766,633)	59,193,684	7,414,929	66,608,613
Change in accounting treatment (note 2.1)	-	-	-	-	(7,414,929)	(7,414,929)
Balance as at 1 January 2021, (Restated)	50,000,000	9,960,317	(766,633)	59,193,684	-	59,193,684
Comprehensive income:						
Net income for the period	-	-	12,205,464	12,205,464	-	12,205,464
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	12,205,464	12,205,464	-	12,205,464
Dividends (note 17)	-	-	12,205,464	12,205,464	-	12,205,464
Balance as at 30 June 2021	50,000,000	9,960,317	6,327,369	66,287,686	-	66,287,686

Chief Financial Officer

Chief Executive Officer

Chairman of the Board of Directors



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National Fertilizer Company  
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INTERIM CONDENSED STATEMENT OF CASH FLOWS  
For the six-month period ended 30 June 2022

	Note	30 June 2022 SR	30 June 2021 SR (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before zakat		10,384,900	13,030,464
Adjustments for:			
Depreciation of property, plant and equipment	10	926,000	149,929
Share in profit of investment in a joint venture	11	(2,084,961)	(654,476)
Finance cost on lease liabilities	12	77,622	(389,775)
Impairment losses on trade receivables	5	212,301	322,207
Amortization of right-of-use assets	12	392,160	392,163
Employee benefit obligations provision	15	566,988	748,728
Gain on disposal of property, plant and equipment		(85,391)	-
		10,389,619	13,599,240
Changes in operating assets and liabilities:			
Trade receivables		(9,927,653)	(7,451,136)
Prepayments and other receivables		(1,310,792)	3,373,528
Inventories		(11,667,315)	(4,142,645)
Amounts due from/to related parties, net		216,815	(224,151)
Trade payables		2,045,510	3,889,310
Accrued expenses and other payables		1,047,236	(1,192,625)
Cash (used in) from operating activities		(9,206,580)	7,851,521
Zakat paid		(2,283,740)	(1,619,353)
Employee benefit obligations paid		(121,670)	(179,883)
Net cash (used in) from operating activities		(11,611,990)	6,052,285
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	10	(246,673)	(296,959)
Proceeds from written-off of property, plant and equipment		649,252	-
Net cash from (used in) investing activities		402,579	(296,959)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		28,285,390	-
Repayments of borrowings		(14,859,402)	(7,082,384)
Dividends paid	17	(4,500,000)	(5,111,462)
Payment of lease liabilities	12	(650,700)	-
Net cash from (used in) financing activities		8,275,288	(12,193,846)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2,934,123)</b>	<b>(6,438,520)</b>
Cash and cash equivalents at beginning of the period		7,747,190	9,641,894
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		<b>4,813,067</b>	<b>3,203,374</b>

Chief Financial Officer

Chief Executive Officer

Chairman of the Board of Directors

The attached notes 1 to 20 form an integral part of these Interim condensed financial statements.

**National Fertilizer Company  
(A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

30 June 2022

**1 CORPORATE INFORMATION**

National Fertilizer Company (the "Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010063903 dated 24 Safar 1407H (corresponding to 27 October 1986).

The Company's activity represents manufacture of soap in all its forms, including (paste, liquid, and dry), manufacture of industrial detergents, manufacture of fertilizers and nitrogenous compounds, manufacture of plastics (plastics) in their primary forms, manufacture of washing and cleaning materials and preparations.

The registered address of the Company is P.O. Box 1239, Riyadh 11431, Kingdom of Saudi Arabia.

The accompanying interim condensed financial statements include the financial information of the Company and its following branches, operating under separate commercial registrations:

<u>Location</u>	<u>Commercial registration number</u>	<u>Register date</u>
Buraydah	1131007549	16/03/1409
Wadi Aldawasir	1185000617	07/02/1409
Dammam	2050032592	22/03/1418
Hail	3350007289	15/07/1411
Tabarjal	3402004797	26/04/1428
Jeddah	4030221203	20/02/1433
Khamees Mushait	5855016815	28/08/1417
Jazan	5900027472	12/04/1435

**2 BASIS OF PREPARATION**

These interim condensed financial statements for the six-months period ended 30 June 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 issued by the Saudi Organization for chartered and Professional Accountants ("SOCPA").

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA.

These interim condensed financial statements are presented in Saudi Riyals (SR), which is the Company's functional currency.



National Fertilizer Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2022

**2 BASIS OF PREPARATION (continued)**

**2.1 SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The significant accounting policies, judgments, estimates and assumptions adopted by management in the preparation of the interim condensed financial statements were the same as those described in the Company's annual financial statements as at 31 December 2021, except for change in accounting treatment in relation to a joint arrangement as elaborated below:

**Change in accounting treatment for joint arrangement**

During the period, the Company has reappraised certain critical management judgments, which it has previously applied in preparation of the annual consolidated financial statements for the year ended 31 December 2021 relating to the determination of whether control is present with respect to investments in partially owned subsidiary. To support the control presumption when the Company has equal voting rights of an investee, the Company now places more weight on the legal and contractual ability to exercise power, including the potential substantive voting rights, if any. As a result of this reassessment, the Company has concluded that Jal Alsahra for Agriculture Production Company ("the investee") where the Company hold 50% ownership which was previously accounted as a subsidiary should now be accounted for as a joint arrangement.

The above reassessment has neither changed nor is expected to change the existing relationship between the Company and the investee, which is now accounted for as joint venture based on the legal document. Hence, the reassessment of management judgments has been considered a change in accounting treatment and applied retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'

**3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS**

There are new standards, amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed financial statements of the Company.

There are other several amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's interim condensed financial statements. The Company has not early adopted any standards, interpretations or amendments that have been issued but not yet effective.

**4 SEGMENT INFORMATION**

All operating assets are located within the Kingdom of Saudi Arabia and the Company carries out its business activities in the Kingdom of Saudi Arabia only.

The Company has two strategic business units ("SBUs") which includes the fertilizer segment and the detergent segment. These segments provide different services and are managed separately and have different economic characteristics such as growth in sales, rates of return and different marketing strategies.

The segment information has been restated due to change in accounting treatment as elaborated in note 2.1.

National Fertilizer Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2022

4 SEGMENT INFORMATION (continued)

	For the period ended 30 June 2022 (Unaudited)		
	Fertilizer segment SR	Detergent segment SR	Total SR
Revenue	14,000,095	83,755,630	97,755,725
Cost of revenue	(13,881,782)	(59,300,306)	(73,182,088)
<b>GROSS PROFIT</b>	<b>118,313</b>	<b>24,455,324</b>	<b>24,573,637</b>
Selling and distribution expenses	(1,039,704)	(11,299,952)	(12,339,656)
General and administrative expenses	(868,436)	(1,788,262)	(2,656,698)
Amortization of right-of-use assets	(53,743)	(338,417)	(392,160)
<b>OPERATING PROFIT</b>	<b>(1,843,570)</b>	<b>11,028,693</b>	<b>9,185,123</b>
Share of profit of investment in a joint venture	-	-	2,084,961
Other income	85,391	-	85,391
Finance charges	(311,424)	(659,151)	(970,575)
<b>PROFIT BEFORE ZAKAT</b>	<b>(2,015,860)</b>	<b>10,315,799</b>	<b>10,384,900</b>

	For the period ended 30 June 2021 (Restated)		
	Fertilizer segment SR	Detergent segment SR	Total SR
Revenue	10,619,426	76,278,037	86,897,463
Cost of revenue	(9,189,295)	(50,271,721)	(59,461,016)
<b>GROSS PROFIT</b>	<b>1,430,131</b>	<b>26,006,316</b>	<b>27,864,657</b>
Selling and distribution expenses	(1,140,889)	(10,907,872)	(12,048,761)
General and administrative expenses	(926,275)	(1,714,365)	(2,640,640)
Amortization of right-of-use assets	(53,743)	(338,421)	(392,164)
<b>OPERATING PROFIT</b>	<b>(690,776)</b>	<b>13,045,658</b>	<b>12,354,882</b>
Share of profit of investment in a joint venture	-	-	654,475
Other revenue	-	259,025	259,025
Finance charges on lease liability	-	(237,919)	(237,919)
<b>PROFIT BEFORE ZAKAT</b>	<b>(690,776)</b>	<b>13,494,974</b>	<b>13,030,464</b>

National Fertilizer Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2022

4 SEGMENT INFORMATION (continued)

	As at 30 June 2022 (Unaudited)		
	Fertilizer segment SR	Detergent segment SR	Total SR
Investment in a joint venture	-	-	13,865,901
Total assets	15,771,144	102,123,035	117,894,179
Total liabilities	14,314,866	48,403,232	62,718,098
	As at 31 December 2021 (Restated)		
	Fertilizer segment SR	Detergent segment SR	Total SR
Investment in a joint venture	-	-	11,780,940
Total assets	17,487,944	82,732,934	100,220,878
Total liabilities	7,423,858	40,317,885	47,741,743
	As at 1 January 2021 (Restated)		
	Fertilizer segment SR	Detergent segment SR	Total SR
Investment in a joint venture	-	-	10,384,929
Total assets	19,486,832	71,037,481	90,524,313
Total liabilities	13,716,685	27,998,873	47,741,743

5 ZAKAT

The movement in the zakat provision for the period / year is as follows:

	Six-month period ended 30 June 2022 (Unaudited) SR	Year ended 31 December 2021 (Restated) SR
At the beginning of the period / year		
Provision during the period / year	2,281,986	1,619,744
Payment during the period / year	909,405	2,281,594
	(2,283,740)	(1,619,352)
At the end of the period / year	907,651	2,281,986

National Fertilizer Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2022

**6 TRADE RECEIVABLES**

	30 June 2022 (Unaudited) SR	31 December 2021 (Restated) SR
Trade receivables	39,703,787	29,776,134
Less: allowance for expected credit loss	(550,811)	(338,510)
	<u>39,152,976</u>	<u>29,437,624</u>

Movement in the allowance for expected credit loss

	Six-month period ended 30 June 2022 (Unaudited) SR	Year ended 31 December 2021 (Restated) SR
At beginning of the period / year	338,510	421,774
Charge (reversal) for the period / year	212,301	(83,264)
	<u>550,811</u>	<u>338,510</u>

**7 PREPAYMENTS AND OTHER RECEIVABLES**

	30 June 2022 (Unaudited) SR	31 December 2021 (Restated) SR
Advance to suppliers	9,107,146	8,573,105
Employees' receivables	4,939,688	4,265,855
Prepayments	1,535,655	236,982
Others	172,590	1,368,345
	<u>15,755,079</u>	<u>14,444,287</u>

**8 INVENTORIES**

	30 June 2022 (Unaudited) SR	31 December 2021 (Restated) SR
Raw materials and packaging	31,204,492	24,806,993
Finished goods	13,613,507	7,681,042
Spare parts	977,835	1,640,484
	<u>45,795,834</u>	<u>34,128,519</u>

National Fertilizer Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
30 June 2022

9 RELATED PARTY TRANSACTIONS AND BALANCES

The significant related party transactions and balances are as follows:

9.1 Related party transactions

The following are the details of the significant transactions with related parties during the period:

Name of related party	Nature of relationship	Nature of transaction	Six-month period ended 30 June 2022 (Unaudited)	Six-month period ended 30 June 2021 (unaudited)
Jal Alsahra for Agriculture Production Company	Joint venture	Sales	253,575	212,175
Abdullah Mohammed Albarjas Alnasser	Shareholder	Expenses paid on behalf	1,285,794	1,250,615
Abdulaziz Mohammed Albarjas Alnasser	Shareholder	Expenses paid on behalf	66,152	821,171
Barjas Mohammed Albarjas Alnasser	Shareholder	Expenses paid on behalf	77,359	598,838
Fahad Mohammed Albarjas Alnasser	Shareholder	Expenses paid on behalf	611,107	693,154
Nasser Abdullah Albarjas Alnasser	Shareholder	Expenses paid on behalf	91,591	156,978
Mohammed Barjas Albarjas Alnasser	Shareholder	Expenses paid on behalf	27,503	18,606
Mohammed Abdullah Albarjas Alnasser	Shareholder	Expenses paid on behalf	1,227	13,051

9.2 Related party balances

The following are the details of related party balances at period end:

a) Amounts due from related parties

	30 June 2022 (Unaudited) SR	31 December 2021 (Restated) SR
Jal Alsahra for Agriculture Production Company	264,237	410,662
Abdulaziz Mohammed Albarjas Alnasser	-	40,581
Barjas Mohammed Albarjas Alnasser	-	136,481
Fahad Mohammed Albarjas Alnasser	-	91,935
Nasser Abdullah Albarjas Alnasser	-	20,000
Mohammed Barjas Albarjas Alnasser	-	15,265
	<u>264,237</u>	<u>714,924</u>

National Fertilizer Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
30 June 2022

9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

9.2 Related party balances

b) Amounts due to related parties

	30 June 2022 (Unaudited) SR	31 December 2021 (Restated) SR
Abdullah Mohammed Albarjas Alnasser	-	63,599
Mohammed Abdullah Albarjas Alnasser	-	1,227
Abdullah Suliman Al farhoud	-	84,523
Abdulaziz Suliman Al farhoud	-	84,523
	<u>-</u>	<u>233,872</u>

9.3 Key management personnel compensation

	Six-month period ended 30 June 2022 (Unaudited) SR	Year ended 31 December 2021 (Audited) SR
Short-term employee benefits	300,000	1,245,000
long-term employee benefits	25,000	75,000
	<u>325,000</u>	<u>1,320,000</u>

National Fertilizer Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
30 June 2022

10 PROPERTY, PLANT AND EQUIPMENT

	Lands SR	Buildings SR	Machines and equipment SR	Motor vehicles and transportation SR	Furniture and fixtures SR	Tools SR	30 June 2022 (Unaudited) SR
<b>Cost:</b>							
At 1 January	537,000	19,788,582	29,337,803	7,674,846	3,748,357	7,738,414	68,825,002
Additions	-	-	24,000	218,457	4,216	-	246,673
Write-off	-	-	-	(601,450)	-	-	(601,450)
At the end of period	537,000	19,788,582	29,361,803	7,291,853	3,752,573	7,738,414	68,470,225
<b>Accumulated depreciation:</b>							
At 1 January	-	16,457,622	27,225,660	5,655,593	3,186,306	7,621,729	60,146,910
Charge for the period	-	229,738	279,184	319,652	79,170	18,256	926,000
Write-off	-	-	-	(37,589)	-	-	(37,589)
At the end of period	-	16,687,360	27,504,844	5,937,656	3,265,476	7,639,985	61,035,321
<b>Net book amount</b>	537,000	3,101,222	1,856,959	1,354,197	487,097	98,429	7,434,904

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10 PROPERTY, PLANT AND EQUIPMENT (continued)

	Lands SR	Buildings SR	Machines and equipment SR	Motor vehicles and transportation SR	Furniture and fixtures SR	Tools SR	31 December 2021 (Restated) SR
<b>Cost:</b>							
At 1 January	537,000	19,788,582	28,445,494	7,396,086	3,619,469	7,738,414	67,525,045
Additions	-	-	892,309	1,686,730	132,238	-	2,711,277
Disposals	-	-	-	(1,407,970)	(3,350)	-	(1,411,320)
At the end of year	537,000	19,788,582	29,337,803	7,674,846	3,748,357	7,738,414	68,825,002
<b>Accumulated depreciation:</b>							
At 1 January	-	15,956,533	26,580,805	6,155,124	3,027,132	7,579,626	59,299,220
Charge for the year	-	501,089	644,855	649,706	162,524	42,103	2,000,277
Disposals	-	-	-	(1,149,237)	(3,350)	-	(1,152,587)
At the end of year	-	16,457,622	27,225,660	5,655,593	3,186,306	7,621,729	60,146,910
<b>Net book amount</b>							
At 31 December 2021	537,000	3,330,960	2,112,143	2,019,253	562,051	116,685	8,678,092
At 1 January 2021	537,000	3,832,049	1,864,689	1,240,962	592,337	158,788	8,225,825



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11 INVESTMENTS IN A JOINT VENTURE

The Company owns 50% shares of Jal Alsahra for Agriculture Production Company ("Joint venture") limited liability company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010148818 dated 21 Shawal 1418H (corresponding 18 February 1998).

The following is the movement in the carrying value of the investment in a joint venture:

	30 June 2022 (Unaudited) SR	31 December 2021 (Restated) SR
Balance at beginning of the period / year	11,780,940	10,384,929
Share of profit during the period / year	2,084,961	1,396,011
Balance at end of the period / year	<u>13,865,901</u>	<u>11,780,940</u>

12 RIGHT-OF-USE ASSET AND LEASE LIABILITIES

12.1 Right-of-use asset

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
<i>Cost</i>		
Balance at beginning of the period / year	7,063,060	6,419,337
Additions	-	643,723
Balance at end of the period / year	<u>7,063,060</u>	<u>7,063,060</u>
<i>Accumulated depreciation</i>		
Balance at beginning of the period / year	1,992,820	1,208,494
Depreciation charge for the period / year	392,160	784,324
Balance at end of the period / year	<u>2,384,978</u>	<u>1,992,818</u>
<i>Net book amount</i>	<u>4,678,082</u>	<u>5,070,242</u>

12.2 Lease liabilities

	30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Balance at beginning of the period / year	4,676,281	5,008,005
Additions	-	643,723
Finance charges	77,623	177,091
Payment of lease liabilities	(650,700)	(1,152,538)
Balance at end of the period / year	<u>4,103,204</u>	<u>4,676,281</u>
Current portion of lease liabilities	749,971	728,127
Non-current portion of lease liabilities	<u>3,353,232</u>	<u>3,948,154</u>
	<u>4,103,204</u>	<u>4,676,281</u>

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13 ACCRUED EXPENSES AND OTHER PAYABLES

	30 June 2022 (Unaudited) SR	31 December 2021 (Restated) SR
Accrued expenses		
Value added tax payable	1,644,323	1,221,486
Employees' payables	1,555,890	783,778
Advance from customers	580,159	137,970
Other	258,320	846,394
	664,283	666,111
	<u>4,702,975</u>	<u>3,655,739</u>

14 BORROWINGS

The movement in the borrowings is as follows:

	30 June 2022 (Unaudited) SR	31 December 2021 (Restated) SR
At the beginning of the period / year		
Proceeds from borrowings	14,859,402	17,007,636
Repayment of borrowings	28,285,390	15,079,116
	(14,859,402)	(17,227,350)
At the end of the period / year	<u>28,285,390</u>	<u>14,859,402</u>

15 EMPLOYEE BENEFIT OBLIGATIONS

	30 June 2022 (Unaudited) SR	31 December 2021 (Restated) SR
At the beginning of the period / year		
Charged to expenses during the period / year	9,876,335	8,837,509
Re-measurement loss	566,988	1,015,764
Paid during the period / year	95,993	951,429
	(121,670)	(928,367)
At the end of the period / year	<u>10,417,646</u>	<u>9,876,335</u>

16 SUBSEQUENT EVENTS

There have been no significant subsequent events since the period ended 30 June 2022, which would have a material impact on the financial position of the Company as reflected in these interim condensed financial statements.

17 DIVIDENDS

On 16 Ramadan 1443H (corresponding to 17 April 2022), the Company approved interim cash dividends for the second half of the year 2021 amounting to SR 4,500,000 (at SR 0.9 per share) (30 June 2021: SR 5,111,462 at SR 1.02 per share), which has been recognised in these interim condensed financial statements for the period ended 30 June 2022.

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**18 RESTATEMENT**

During the period ended 30 June 2022, the Company changed its accounting treatment as elaborated in note 2.1 based on a re-assessment of determination of control over Jal Alsahra for Agriculture Production Company and has ceased consolidating the financial statements of Jal Alsahra for Agriculture Production Company and considered this as a joint arrangement and retrospectively recognized the investment in Jal Alsahra for Agriculture Production Company as investment in "joint venture". Accordingly, the Company has applied the equity method retrospectively to account for investment in Jal Alsahra for Agriculture Production Company which was previously accounted for as subsidiary.

The impact of above adjustments are presented in the below table:

	<i>As at 31 December 2021 SR (Restated)</i>	<i>Adjustments</i>	<i>As at 31 December 2021 SR (Previously stated)</i>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7,747,190	(4,264,667)	12,011,857
Trade receivables	29,437,624	(8,945,947)	38,383,571
Prepayments and other receivables	14,444,287	(527,211)	14,971,498
Inventories	34,128,519	(2,670,907)	36,799,426
Amounts due from related parties	714,924	410,662	304,262
Biological assets	-	(3,081,912)	3,081,912
<b>TOTAL CURRENT ASSETS</b>	<b>86,472,544</b>	<b>(19,079,982)</b>	<b>105,552,526</b>
<b>NON-CURRENT ASSETS</b>			
Investment in joint venture	11,780,940	11,780,940	-
Property, plant and equipment	8,678,092	(7,233,468)	15,911,560
Right-of-use assets	5,070,242	-	5,070,242
<b>TOTAL NON-CURRENT ASSETS</b>	<b>25,529,274</b>	<b>4,547,472</b>	<b>20,981,802</b>
<b>TOTAL ASSETS</b>	<b>112,001,818</b>	<b>(14,532,510)</b>	<b>126,534,328</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Borrowings	14,859,402	-	14,859,402
Trade payables	12,158,128	(3,389,586)	15,547,714
Accrued expenses and other payables	3,655,739	(1,207,985)	4,863,724
Current portion of lease liabilities	728,127	-	728,127
Amounts due to related parties	233,872	-	233,872
Zakat payable	2,281,986	(384,270)	2,666,256
<b>TOTAL CURRENT LIABILITIES</b>	<b>33,917,254</b>	<b>(4,981,841)</b>	<b>38,899,095</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefit obligations	9,876,335	(769,730)	10,646,065
Non-current portion of lease liabilities	3,948,154	-	3,948,154
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>13,824,489</b>	<b>(769,730)</b>	<b>14,594,219</b>
<b>TOTAL LIABILITIES</b>	<b>47,741,743</b>	<b>(5,751,571)</b>	<b>53,493,314</b>

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18 RESTATEMENT (continued)

	<i>As at 31 December 2021 SR (Restated)</i>	<i>Adjustments</i>	<i>As at 31 December 2021 SR (Previously stated)</i>
<b>EQUITY</b>			
Capital	50,000,000	-	50,000,000
Statutory reserve	11,572,769	-	11,572,769
Retained earnings	2,687,306	-	2,687,306
<b>EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT</b>	<b>64,260,075</b>	<b>-</b>	<b>64,260,075</b>
Non-controlling interest	-	(8,780,939)	8,780,939
<b>TOTAL EQUITY</b>	<b>64,260,075</b>	<b>(8,780,939)</b>	<b>73,041,014</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>112,001,818</b>	<b>(14,532,510)</b>	<b>126,534,328</b>
	<i>As at 1 January 2021 SR (Restated)</i>	<i>Adjustments</i>	<i>As at 1 January 2021 SR (Previously stated)</i>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9,641,894	(1,631,720)	11,273,614
Trade receivables	23,359,771	(5,305,952)	28,665,723
Prepayments and other receivables	11,790,583	2,011,102	9,779,481
Inventories	34,527,100	(3,463,707)	37,990,807
Amounts due from related parties	838,144	565,512	272,632
Biological assets	-	(3,802,816)	3,802,816
<b>TOTAL CURRENT ASSETS</b>	<b>80,157,492</b>	<b>(11,627,581)</b>	<b>91,785,073</b>
<b>NON-CURRENT ASSETS</b>			
Investment in joint venture	10,384,929	10,384,929	-
Property, plant and equipment	8,225,825	(8,673,091)	16,898,916
Intangible assets	-	(4,987)	4,987
Right-of-use assets	5,210,843	-	5,210,843
<b>TOTAL NON-CURRENT ASSETS</b>	<b>23,821,597</b>	<b>1,706,851</b>	<b>22,114,746</b>
<b>TOTAL ASSETS</b>	<b>103,979,089</b>	<b>(9,920,730)</b>	<b>113,899,819</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Borrowings	17,007,636	-	17,007,636
Trade payables	6,901,738	(3,875,827)	10,777,565
Current portion of lease liabilities	540,270	-	540,270
Accrued expenses and other payables	4,438,456	(761,725)	5,200,181
Amounts due to related parties	972,317	-	972,317
Zakat payable	1,619,744	(141,940)	1,761,684
<b>TOTAL CURRENT LIABILITIES</b>	<b>31,480,161</b>	<b>(4,779,492)</b>	<b>36,259,653</b>

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18 RESTATEMENT (continued)

	<i>As at 1 January 2021 SR (Restated)</i>	<i>Adjustments</i>	<i>As at 1 January 2021 SR (Previously stated)</i>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefit obligations	8,837,509	2,273,691	6,563,818
Non-current portion of lease liabilities	4,467,735	-	4,467,735
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>13,305,244</u>	<u>2,273,691</u>	<u>11,031,553</u>
<b>TOTAL LIABILITIES</b>	<u>44,785,405</u>	<u>(2,505,801)</u>	<u>47,291,206</u>
<b>EQUITY</b>			
Capital	50,000,000	-	50,000,000
Statutory reserve	9,960,317	-	11,572,769
Accumulated losses	(766,633)	-	2,687,306
<b>EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT</b>	<u>59,193,684</u>	<u>-</u>	<u>59,193,684</u>
Non-controlling interest	-	(7,414,929)	7,414,929
<b>TOTAL EQUITY</b>	<u>59,193,684</u>	<u>(7,414,929)</u>	<u>66,608,613</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>103,979,089</u>	<u>(9,920,730)</u>	<u>113,899,819</u>

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18 RESTATEMENT (continued)

	<i>For six-month period ended 30 June 2021 SR (Restated)</i>	<i>Adjustments</i>	<i>For six-month period ended 30 June 2021 SR (Previously stated)</i>
Revenue	86,897,463	(14,088,462)	100,985,925
Cost of revenue	(59,461,016)	9,493,156	(68,954,172)
<b>GROSS PROFIT</b>	<b>27,436,447</b>	<b>(4,595,306)</b>	<b>32,031,753</b>
General and administrative expenses	(2,640,640)	989,801	(3,630,441)
Selling and distribution expenses	(12,048,761)	2,208,287	(14,257,048)
Amortization of right-of-use assets	(392,164)	-	(392,164)
<b>OPERATING PROFIT</b>	<b>12,354,882</b>	<b>(1,397,218)</b>	<b>13,752,100</b>
Share of profit of investment in a joint venture	654,476	654,476	-
Other income	259,025	-	259,025
Finance charges	(237,919)	-	(237,919)
<b>PROFIT BEFORE ZAKAT</b>	<b>13,030,464</b>	<b>(742,742)</b>	<b>13,773,206</b>
Zakat	(825,000)	88,266	(913,266)
<b>NET INCOME FOR THE PERIOD</b>	<b>12,205,464</b>	<b>(654,476)</b>	<b>12,859,940</b>
Other comprehensive income that will not be reclassified subsequently to the statement of profit or loss Remeasurement of employee benefit obligations	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>12,205,464</b>	<b>(654,476)</b>	<b>12,859,940</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>			
Equity holders	12,205,464	-	12,205,464
Non-controlling interests	-	(654,476)	654,476
	<b>12,205,464</b>	<b>(654,476)</b>	<b>12,859,940</b>

19 RECLASSIFICATIONS OF COMPARATIVE FIGURES

During the year, the Company has made certain reclassifications in the comparative 2021 financial statements to conform to 2022 presentation.

20 APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Board of Directors on 12 Safar 1444 H (corresponding to 8 September 2022).