

SAUDI ARABIAN REFINERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2021
AND INDEPENDENT AUDITOR'S REVIEW REPORT

SAUDI ARABIAN REFINERIES COMPANY

(A SAUDI JOINT STOCK COMPANY)

Interim condensed financial statements (unaudited) for the three months period ended March 31, 2021

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS**TO THE SHAREHOLDERS****SAUDI ARABIAN REFINERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
JEDDAH - SAUDI ARABIA****Introduction**

We have reviewed the interim condensed statement of financial position of Saudi Arabian Refineries Company – Saudi Joint Stock Company - ("the Company") as at March 31, 2021, the interim condensed statements of profit or loss and other comprehensive income, the condensed interim changes in shareholders equity and the condensed interim cash flows for the three months period then ended, and summary of significant accounting policies, and the notes (1) to (22) which considered an integral part of these interim condensed financial statements.

Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with the international standard of review engagement (2410) "IAS 34 "Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Statements Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. The review of the interim condensed financial statements includes mainly to make inquiries to those responsible for financial and accounting matters, and to apply analytical procedures and other review procedures. The review is much less in scope than the audit carried out in accordance with the international standards on auditing that approved in the Kingdom of Saudi Arabia. Therefore, we were unable to confirm and to be aware of all significant findings that we identify during our audit operations. Accordingly, we do not express any opinion on auditing.

Basis for qualified conclusion

We were unable to verify the amount of fines delays and fees that may result from the company default to pay the bank guarantee on behalf of the associate, amounting to SR 5.1 million, as stated in Note No. (10), and therefore, we were unable to determine the adjustments and material effects that may result from it on the financial statements of the company.

Qualified conclusion

Based on our review, except for the matters disclosed in the basis for qualified conclusion, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia.

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS**TO THE SHAREHOLDERS****A SAUDI ARABIAN REFINERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
JEDDAH - SAUDI ARABIA****Emphasis of matter**

As stated in note no. (21) to the interim condensed financial statements, in respect of the fiftieth ordinary general assembly of the shareholders of the company dated April 21, 2021 (corresponding to Ramadan 9, 1442 H), the following decisions have been taken:

- Non-approval of the Board of Directors report and the financial statements for the financial year ended December 31, 2020 and the auditor's report, as well as not exonerating the Board of Directors from liability for the year 2020.

The company's management believes that there is no need for a new ordinary general assembly to be held for shareholders because the reason for non-approval was due to the fact that the percentage of voting in the general assembly was the majority for those abstaining from voting. Our opinion has not been modified accordingly.

Other matters related to comparative figures

The company's interim condensed financial statements for the three months period ended March 31, 2020 were reviewed by another auditor who expressed a modified conclusion on these interim condensed financial statements dated May 14, 2020 (corresponding to Ramadan 21, 1441H).



JEDDAH: April 22, 2021
Ramadan 10, 1442H

FOR EL SAYED EL AYOUTY & CO,

A. Balamesh
Abdullah A, Balamesh
Certified Public Accountant
License No, (345)

SAUDI ARABIAN REFINERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

Interim condensed statement of financial position (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	<u>As at March 31, 2021 Unaudited</u>	<u>As at December 31, 2020 Audited</u>
Assets			
Non-current assets			
Property and equipment- net		53,463	57,203
Investments in equity instruments at fair value through other comprehensive income	5.A	508,267,373	429,933,581
Investments in associates	6	50,235,385	49,359,105
Total non-current assets		<u>558,556,221</u>	<u>479,349,889</u>
Current assets			
Prepayments and other receivables	7	517,316	8,587,390
Cash and cash equivalents	9	36,564,001	30,657,331
Total current assets		<u>37,081,317</u>	<u>39,244,721</u>
Total assets		<u>595,637,538</u>	<u>518,594,610</u>
Shareholders' Equity and liabilities			
Shareholders' Equity			
Share capital	1	150,000,000	150,000,000
Statutory reserve	16	27,440,761	27,440,761
Reserve for valuation of investments in equity instruments at FVOCI	5.B	380,240,140	301,906,348
Retained earnings		29,198,239	28,977,168
Total shareholders' equity		<u>586,879,140</u>	<u>508,324,277</u>
Non-current liabilities			
Employees' defined benefits obligations		629,354	612,259
Total non-Current liabilities		<u>629,354</u>	<u>612,259</u>
Current liabilities			
Due to shareholders		2,513,073	3,860,902
Accruals and other current liabilities	10	5,435,721	5,462,974
Provision for zakat	11.B	180,250	334,198
Total current liabilities		<u>8,129,044</u>	<u>9,658,074</u>
Total liabilities		<u>8,758,398</u>	<u>10,270,333</u>
Total shareholders' equity and liabilities		<u>595,637,538</u>	<u>518,594,610</u>



Accounts Officer
Name : Abdullah Ibrahim Al Johani



Managing Director
Name : Fahad Abdulrahman Al
Maekel



Chairman of the Board of Directors
Name : Prince Mohammed Bin
Khalid Bin Turki Al Saud

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

SAUDI ARABIAN REFINERIES COMPANY

(A SAUDI JOINT STOCK COMPANY)

For the three months period ended March 31, 2021

Interim condensed statement of profits or losses and other comprehensive income (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the period ended March 31,	
		2021 Unaudited	2020 Unaudited
Investment income	12	314,147	274,118
Company's share from results of investment in associates	13	876,280	(98,153)
		1,190,427	175,965
General and administrative expenses	14	(872,628)	(892,494)
Net profit /(loss) of the activity		317,799	(716,529)
Other income		86,681	76,935
Net profit/ (loss) for the period before zakat		404,480	(639,594)
Zakat for the period	11.B	(180,250)	(464,768)
Zakat for prior years	11.A	(3,159)	-
Net profit /(loss) for the period		221,071	(1,104,362)
Items of other comprehensive income			
Items that will not be re-classified subsequently within profits or losses:			
Unrealized profits/(losses) from investments in equity instruments at fair value through other comprehensive income	5.B	78,333,792	(125,203,006)
Total income/(loss) comprehensive income for the period		78,554,863	(126,307,368)
Basic and diluted profit/ (loss) per share of net profit/(loss) for the period	14	0,01	(0,07)



Accounts Officer

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SAUDI ARABIAN REFINERIES COMPANY

(A SAUDI JOINT STOCK COMPANY)

For the three months period ended March 31, 2021

Interim condensed statement of changes in shareholders' equity (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Reserve for valuation of investments in equity instruments at FVOCI</u>	<u>Retained earnings</u>	<u>Total shareholders' equity</u>
Balance as at January 1, 2020 (audited)	150,000,000	26,102,735	245,932,383	31,926,853	453,961,971
Net (loss) for the period	-	-	-	(1,104,362)	(1,104,362)
Change in items of other comprehensive income for the period	-	-	(125,203,006)	-	(125,203,006)
Total comprehensive income for the year	-	-	(125,203,006)	(1,104,362)	(126,307,368)
Balance as at March 31, 2020 (unaudited)	<u>150,000,000</u>	<u>26,102,735</u>	<u>120,729,377</u>	<u>30,822,491</u>	<u>327,654,603</u>
Balance as at January 1, 2021 (audited)	150,000,000	27,440,161	301,906,348	28,977,168	508,324,277
Net profit for the period	-	-	-	221,071	221,071
Change in items of other comprehensive income for the period	-	-	78,333,792	-	78,333,792
Total comprehensive income for the period	-	-	78,333,792	221,071	78,554,863
Balance as at March 31, 2021 (unaudited)	<u>150,000,000</u>	<u>27,440,161</u>	<u>380,240,140</u>	<u>29,198,239</u>	<u>586,879,140</u>



Accounts Officer

Name : Abdullah Ibrahim Al Johani



Managing Director

Name : Fahad Abdulrahman Al Maekel



Chairman of the Board of Directors

Name : Prince Mohammed Bin Khalid Bin Turki Al Saud

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

SAUDI ARABIAN REFINERIES COMPANY

(A SAUDI JOINT STOCK COMPANY)

For the three months period ended March 31, 2021

Interim condensed statement of cash flows (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

	For the period ended March 31,	
	2021 (unaudited)	2020 (unaudited)
Cash flows from operating activities:		
Net profit/(loss) for the period before zakat	404,480	(639,594)
Adjustments for Net profit for the period before zakat to net cash flows from operating activities:		
Depreciation of property and equipment	3,740	2,904
Provided from employees' defined benefits obligations	17,095	17,095
Company's share from results of investment in associates	(876,280)	98,153
Changes in items of operating assets and liabilities:		
Prepayments and other receivables	8,070,074	11,133,550
Due to shareholders	(1,347,829)	-
Accruals and other current liabilities	(27,253)	120,808
Cash generated by operating activities	<u>6,244,027</u>	<u>10,732,916</u>
Zakat paid	(337,357)	(1,333,777)
Net Cash flows generated by operating activities	<u>5,906,670</u>	<u>9,399,139</u>
Cash flows from investing activities:		
Purchase of investments in equity instruments at FVOCI	-	(6,000,298)
Net cash flows (used in) investing activities	<u>-</u>	<u>(6,000,298)</u>
Cash flows from financing activities:		
Dividends paid	-	-
Cash flows (used in) financing activities	<u>-</u>	<u>-</u>
Increase in cash and cash equivalents	5,906,670	3,398,841
Cash and cash equivalents at the beginning of the period	30,657,331	36,310,138
Cash and cash equivalents at the end of the period	<u>36,564,001</u>	<u>39,708,979</u>
Non-cash transactions		
Unrealized profits/(losses) from investments in equity instruments at fair value through other comprehensive income	78,333,792	(125,203,006)



Accounts Officer

Name : Abdullah Ibrahim Al Johani



Managing Director

Name : Fahad Abdulrahman Al
Maekel



Chairman of the Board of Directors

Name : Prince Mohammed Bin
Khalid Bin Turki Al Saud

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

SAUDI ARABIAN REFINERIES COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to interim condensed financial statements for the three months period ended March 31, 2021 (unaudited),

(All amounts in Saudi Riyals unless otherwise stated)

1. General

Saudi Arabian Refineries Company ("the company") is a Saudi joint stock company registered under the commercial registration issued at Jeddah with the number 4030003334 dated September 14, 1960 (corresponding to 19 Dhul -Hijjah 1379 H)

As at March 31, 2021, the company's share capital amounted to SR 150 million (March 31, 2020: SR 150 million) divided into 15 million shares (March 31, 2020: 15 million shares) with a par value of SR 10 per share,

The company is engaged in extracting crude oil, establishing refining and petrochemical plants and refineries, dealing in securities as principal, buying and selling land and real estate, dividing them and selling activities off-plan, managing and leasing owned or leased properties (non-residential),

The present activity of the company is investing in local companies, and therefore its activity is limited to the investment sector, and it has no other business sectors,

The company's registered office is located at the following address:

Adham Commercial Center, Jeddah

Madinah Road

P, O, Box 1113, Jeddah 21431, Kingdom of Saudi Arabia

The current period of the company starts at January 1, 2021 and ends at March 31, 2021, The company's fiscal year starts from the beginning of January of each calendar year and ends at the end of December of the same year

2. Basis of preparation

2.1. Statement of compliance

These interim condensed financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" adopted in the Kingdom of Saudi Arabia (IFRS that determine the minimum of Interim Financial Reporting content) and other standards and pronouncements endorsed by Saudi Organization for Auditors and Accountants (SOCPA),

These interim condensed financial statements do not include all the information and explanations required for a complete set of financial statements prepared in accordance with IFRS, and should be read in conjunction with the Company's financial statements for the year ended 31 December 2020 (last annual financial statements), Furthermore, the interim results period ended at March 30, 2021 may not be considered as an indication of expected results for the year ended December 31, 2021,

2.2. Basis of measurement

These interim condensed financial statements have been prepared under the historical cost basis using accrual basis of accounting except for employees' defined benefit obligations which are calculated by using the expected credit unit method, and investments in equity instruments through other comprehensive income which are measured at fair and investments in associates which are measured at equity method,

Furthermore, these interim condensed financial statements are prepared by using the accrual basis of accounting and the going concern principle,

SAUDI ARABIAN REFINERIES COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to interim condensed financial statements for the three months period ended March 31, 2021 (unaudited),

(All amounts in Saudi Riyals unless otherwise stated)

2. Basis of preparation... (Continued)

2.3. Functional and presentation currency

These interim condensed financial statements are presented in Saudi Arabian Riyals ("SR") which is the functional and presentation currency of the company,

2.4. Going concern concept

The company has no doubt upon the company's ability to continue as a going concern, Therefore, the financial statements continue to be prepared on the going concern basis,

3. Significant accounting estimates, assumptions and judgments

The preparation of these interim condensed financial statements requires management to make judgment, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and disclosure of contingent liabilities at the reporting date, Actual results may differ from these estimates,

The significant judgments used by management in applying the Company's accounting policies, calculation methods and the key sources of estimation in these financial statements were the same as those that applied to the financial statements for the year ended 31 December 2020,

However, as indicated in Note (20) above regarding reviewing the significant sources of uncertainty cases of the outbreak of the novel coronavirus (Covid-19), the management is currently monitoring the situation and the extent of its impact on the Company's operations, cash flows and financial position, Based on its assessment, the management believes that, the company has adequate liquidity to continue business in foreseeable future and to fulfill its financial obligations as they become due,

4. Changes in significant accounting policies

The accounting policies applied to these interim condensed financial statements are consistent with those followed in preparing the company's annual financial statements for the year ended 31 December 2020, There are no new standards were issued but there are a number of amendments on the standards effective at 1 January 2021, and has no material impact on the interim condensed financial statements,

SAUDI ARABIAN REFINERIES COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to interim condensed financial statements for the three months period ended March 31, 2021 (unaudited),

(All amounts in Saudi Riyals unless otherwise stated)

5. Investments in equity instruments at fair value through other comprehensive income

5.A. Investments in equity instruments at FVOCI represent the following:

	<u>As at March 31,2020</u>	<u>As at December 31,2020</u>
Saudi Industrial Investment Group	493,820,600	416,328,752
Tabuk Cement Company	2,550,849	2,190,850
Saudi Arabian Oil Company (Saudi Aramco)	1,277,316	1,241,835
Southern region cement company	10,618,608	10,172,144
	<u>508,267,373</u>	<u>429,933,581</u>

5.B. The Company recorded unrealized profits from investments in equity instruments at FVTOCI as follows:

	<u>As at March 31,2021</u>	<u>As at December 31,2020</u>
Balance at beginning of the period	301,906,348	245,932,383
Unrealized gains during the period / year (Note 5,C)	78,333,792	55,973,965
	<u>380,240,140</u>	<u>301,906,348</u>

5.C. The following are details of the investments in equity instruments at FVTOCI

<u>Name of the company</u>	<u>As at March 31, 2021</u>		<u>Balance as at</u>		<u>Unrealized profits for the period</u>
	<u>No. of shares</u>	<u>market value of the share</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	
Saudi Industrial Investment Group	15,194,480	32,5	493,820,600	416,328,752	77,491,848
Tabuk Cement Company	128,571	19,84	2,550,849	2,190,850	359,999
Saudi Arabian Oil Company (Saudi Aramco)	35,481	36,00	1,277,316	1,241,835	35,481
Southern region cement company	120,666	88,00	10,618,608	10,172,144	446,464
			<u>508,267,373</u>	<u>429,933,581</u>	<u>78,333,792</u>

SAUDI ARABIAN REFINERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

Notes to interim condensed financial statements for the three months period ended March 31, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

6. Investments in associates

Investments in associates represent the followings:

<u>Name of the company</u>	<u>Main business sector</u>	<u>Country of incorporation</u>	<u>Shareholding %</u>	<u>As at March 31, 2021</u>	<u>As at December 31, 2020</u>
A, Arab Company for Tanks Ltd,	Services	KSA	27%		
Balance at beginning of the period / year				49,359,105	48,309,359
Company's share from the results of investment in associate				876,280	1,047,918
Company's share of the associate's				-	1,828
Balance at end of the period / year				50,235,385	49,359,105
B, Arab Company for Sulfonates Ltd,	Industrial	KSA	34%		
Balance at beginning of the period / year				363,006	363,006
Provision for impairment of investment				(363,006)	(363,006)
				-	-
Balance at end of the period / year*				50,235,385	49,359,105

*The company's board of directors resolved, in its meeting held on October 10, 2016 (corresponding to Muharram 9, 1438 H,) to authorized the legal advisor of the company to file a lawsuit against the management of the Arab Sulfonate Company Ltd, for the unfavorable results of the aforementioned company, which resulted in losses of more than half of its share capital, The lawsuit No, (1574/2 / s) for the year 1438 H filed on November 21, 2016 (corresponding to Safar 21, 1438H) and claimed the Arab Company for Sulfonate Limited to pay a compensation of SR 26,268,133 representing all the losses incurred by the company as a result of its mismanagement,

On December 8, 2016 (corresponding to 9 Rabi' Awal 1438 H), the company received a notification of a lawsuit at the Administrative Court in Jeddah at the Second Commercial Department No(1659/2/P) raised by Mr/Sultan M, Qusai Waly Al Deen Assad (partner) in Arab Sulfonate Company Limited against Saudi Arabian Refineries Company, requesting to dissolve and liquidate the Arab Sulfonate Company Limited in accordance with the provisions of Article 181 of the Companies Act due to the company's exposure to losses exceeding half of its share capital,

On March 14, 2018 (corresponding to Jumada Al-Thani 26, 1439H), the Company was informed by the legal advisor in- charge to follow up the case that in this Judicial session, the Commercial Department has judged to dissolve and liquidate Arab Sulfonate Company and has appointed the certified public accountant / Saleh Abdullah Al-Naim as a liquidator to verify the losses and the Company's responsibility thereof,

We were provided with the first follow-up report from the judicial liquidator to liquidate Arab Sulfonate Company (associate) for the period 22/07/2018 to 31/12/2018 including his inability to prepare the financial statements for the associate for the year ended 31/12/2018, Also, the Company's management did not obtain the audited financial statements for the years ended December 31, 2018 and 2019 from the judicial liquidator of Arab Sulfonate Company to assess the investment or contingent liabilities to the Company,

SAUDI ARABIAN REFINERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

Notes to interim condensed financial statements for the three months period ended March 31, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

6. Investments in associates... (Continued)

We were also provided with the second follow-up report from the judicial liquidator for the liquidation of the Arab Sulfonate Company Ltd, (an associate) for the period from 1/1/2019 to 30/6/2019, which includes his inability to prepare the financial statements of the associate for the year ended 31/12/2019, and the company', The management did not obtain the audited financial statements for the financial years ended December 31, 2018, 2019 and 2020 from the judicial liquidator of the Arab Company for Sulfonates Limited,

Dated June 21, 2020, the legal liquidator and the certified public accountant, Saleh Abdullah Al-Naim died,

On Ramadan 8, 1442 AH (corresponding to April 20, 2021 AD), the Second Circuit of the Jeddah Commercial Court decided to appoint Edraak International Company as a liquidator to succeed Saleh Al-Naim's office in the liquidation of the Arab Sulfonate Company Ltd (Note 21),

7. Prepayments and other receivable balances

	<u>As at March</u> <u>31, 2021</u>	<u>As at December</u> <u>31, 2020</u>
Dividends payable*	301,665	7,597,240
Prepaid expenses	35,052	33,739
Other receivable balances	180,599	180,599
Due from Arab Company for Tanks Ltd,(B,Note 8)	-	775,812
	<u>517,316</u>	<u>8,587,390</u>

8. Transactions with related parties

A) Related parties represent the shareholders of the company and the companies in which they directly or indirectly own shares / stakes that entitle them to control these companies. The following is a summary of the main transactions concluded and signed by these parties during the period / year:

	<u>Relationship</u>	<u>Nature of transaction</u>	<u>Size of transaction during</u>	
			<u>As at</u> <u>March 31,</u> <u>2020</u>	<u>As at</u> <u>December</u> <u>31, 2019</u>
Arab Company for Tanks Ltd,	Associate	Administrative services fees	86,681	75,375

B) Due from associates:

	<u>As at March</u> <u>31, 2021</u>	<u>As at December</u> <u>31, 2020</u>
Arab Company for Sulfonate Limited	2,639,014	2,639,014
Arab Company for Tanks Ltd,(Note 7)	-	775,812
Less: Provision for expected credit losses	(2,639,014)	(2,639,014)
	<u>-</u>	<u>775,812</u>

SAUDI ARABIAN REFINERIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

Notes to interim condensed financial statements for the three months period ended March 31, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

9. Cash and cash equivalents

	<u>As at March 31, 2021</u>	<u>As at December 31, 2020</u>
Cash on hand	692	2,041
Cash at banks	36,563,309	30,655,290
	<u>36,564,001</u>	<u>30,657,331</u>

10. Accruals and other current liabilities

Accruals and other current liabilities represent the followings:

	<u>As at March 31, 2021</u>	<u>As at December 31, 2020</u>
Accrued expenses	336,602	363,855
Provision for bank guarantee*	5,099,119	5,099,119
	<u>5,435,721</u>	<u>5,462,974</u>

*The company provided a bank guarantee to the Saudi British Bank (SABB) against the bank facilities granted to the Arab Sulfonate Company Ltd, (an associate) with sum of SR 5,1 million, which represents 34% of the total value of the bank facilities granted to the associate according to the company's share in the capital,

Due to the default of the associate and its inability to pay the bank facilities according to their due date, the bank submitted a claim to the company to pay the indebtedness of the Arab Sulfonate company limited, in addition to any fees not yet due after October 21, 2015,

Dated April 12, 2017, the Saudi British Bank (SABB) filed a lawsuit against the Arab Sulfonate Company Ltd, and the company by its capacity as guarantor of the facilities claimed payment of the amounts due, On October 3, 2017, the judgment of the Fourteenth Executive Circuit of the Execution Court in Jeddah was issued, claiming Arab Sulfonate Company Limited,,to settle the amount of the claim ,

Therefore, the management, as a hedge, established a provision for the value of the bank guarantee and did not make any additional provision for fees resulting from default to pay the value of the bank guarantee,

11. Zakat payable

11. A. Zakat calculation

	<u>As at March 31, 2021</u>	<u>As at December 31, 2020</u>
Net amended profit	454,705	13,367,907
Total added items	128,935,940	483,745,341
Total deducted items	(141,783,036)	(493,164,462)
Zakat base	(12,847,096)	(9,419,121)
Zakat payable at 2,5% of net amended profit /Zakat base	-	334,198

11. B. Movement of zakat payable

	<u>As at March 31, 2021</u>	<u>As at December 31, 2020</u>
Balance at beginning of the period / year	334,198	1,143,433
Amendment of 2020/2019 return	3,159	190,343
Zakat differences for prior years	-	434,058
Payments during the period / year	(337,357)	(1,767,834)
Additions during the period/year	180,250	334,198
	<u>180,250</u>	<u>334,198</u>

SAUDI ARABIAN REFINERIES COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to interim condensed financial statements for the three months period ended March 31, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

11. Zakat payable (Continued)

11.C. Zakat status

The company filed its zakat returns for the years up to December 31, 2020, and obtained the zakat certificate from (GAZT) for the year ended December 31, 2020.

Years from 2017 to 2018

The Authority issued zakat assessments and resulted in an additional zakat obligation on the company in the amount of SR 901,209, and an amount of SR 434,058 was paid during the fourth quarter of 2020. The company filed its objection to the remaining amount of SR 467,151.

12. Investment income

	<u>As at March</u> <u>31, 2021</u>	<u>As at March</u> <u>31, 2020</u>
Saudi Arabian Oil Company (Aramco Saudi Arabia)	12,482	2,619
Southern Region Cement Company	301,665	271,499
	<u>314,147</u>	<u>274,118</u>

13. The company's share from the results of the business of associates

	<u>As at March</u> <u>31, 2021</u>	<u>As at March</u> <u>31, 2020</u>
Arab Company for Tanks Ltd	<u>876,280</u>	<u>(98,153)</u>

14. Basic and diluted profit per share of net profit for the period

	<u>For the three-months period ended</u> <u>March 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>Unaudited</u>	<u>Unaudited</u>
Net profit/(loss) for the period	221,071	(1,104,362)
Weighted average number of shares	<u>15,000,000</u>	<u>15,000,000</u>
Basic and diluted profit (loss) per share of net income for the period	<u>0,01</u>	<u>(0,07)</u>

15. Dividends

Dated April 21, 2021 corresponding to Ramadan 9, 1442 H, the General Assembly in its meeting No.50 agreed the Board of directors' recommendation dated March 3, 2021 corresponding to Rajab 19, 1442H to pay dividends for the financial year with amount of SR 11,250,000 equals to (7, 5%) of the share capital at Halals 75 per share (2020: SR 15,000,000) at SR 1 per share). The dividends will be distributed on Monday Ramadan 28, 1442 AH corresponding to May 10, 2021.

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16. Statutory reserve

Pursuant to the provisions of the Companies Act in the Kingdom of Saudi Arabia, the company is required to set aside 10% of the net annual income as a statutory reserve until it amounts to 30% of the share capital, This reserve is not available for distribution,

17. Segment information

The company is currently engaged in investing in local companies, and therefore its activity is limited to the investment sector, and it has no other business sectors, Therefore, it does not report on operating segments in multiple products or in different geographies,

18. Position of the lawsuits

On 28 Rajab 1428 H, the company filed a lawsuit with the Board of Grievances against the Saudi Arabian Oil Company (Saudi Aramco) claiming revenues payable from prior years with sum of SR 2,03 billion,

On July 14, 2014 (corresponding to 17 Shaban 1435 H), a judgment was issued by the Administrative Court in Dammam (the Board of Grievances), and on Muharram 17, 1436H, this judgment was supported by the Dammam Court of appeal and stamped as final judgment, that Saudi Aramco must pay an amount of SR 137,1 million to the company,

The company filed a grievance appeal to the Royal Highness on February 18, 2016 (corresponding to Jumada Al-Awwal 9, 1437H), requesting the implementation of the aforementioned judgment and to oblige Saudi Aramco to pay, The law suit was referred to the Supreme Administrative Court in Riyadh for reconsideration and to issue a final judgment thereof,

The company was notified on February 11, 2020 (corresponding to 17 Jumada al-Akhir 1441H) by the legal advisor in charge of following up with the cassation of judgment along with the supporting judgment, and judged again to reject the lawsuit against the Saudi Arabian Oil Company (Saudi Aramco),

19. Financial risk management

The Company's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value, and price risk), credit risk and liquidity risk,

The company's overall risk management program focuses on the fluctuations of the financial markets and the company's management attempts to minimize potential negative impacts on the company's financial performance,

Financial risk management framework

The risk management policy is implemented by the senior management in accordance with the policies approved by the Board of Directors, The senior management identifies, assesses and hedges financial risks in close cooperation with the operating units of the company, The most important types of risk are credit risk, currency risk or fair value and interest rates for cash flows,

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19. Financial risk management (Continued)

Financial risk management framework... (Continued)

The Board of Directors has an overall responsibility for establishing and overseeing the Company's risk management framework. The executive management is responsible for developing and monitoring the company's risk management policies. Any changes or matters related to compliance with policies are reported to the Board of Directors through the Audit Committee.

The risk management regulations are reviewed regularly by the executive management to reflect changes in market conditions and the company's activities. The company aims, through training, management standards and

Procedures, to develop a responsible and constructive control environment so that all employees are aware of their roles and obligations.

The audit committee oversees the management's compliance with the company's risk management policies and procedures, and reviews the appropriateness of the risk management framework in relation to the risks encountered by the company.

Financial instruments included in the statement of financial position consist of receivables and other current assets, due from associates, accruals and other current liabilities. The methods of evidence used are disclosed in the policy statement relating to each item.

Foreign exchange rate risk

Foreign exchange rate risk arises from changes and fluctuations in the value of financial instruments as a result of changes in foreign exchange rates.

The company did not carry out any transactions of materiality in currencies other than the Saudi Riyal, the US dollar. Since the Saudi Riyal exchange rate is pegged with the US dollar, it does not represent significant currency risks. The company's management monitors the currency exchange rates and believes that foreign exchange rate risk is not material.

Share price risk

The company is exposed to market price risks on its investments in traded shares arising from uncertainties surrounding the future value of traded shares. Reports on investment in traded shares are reported to the senior management on a regular basis.

Credit risk

Credit risk is the risk that one party in a financial instrument will fail to fulfill an obligation and causes the company to incur a financial loss. The Company's financial instruments that are subject to credit risk are primarily including of cash and cash equivalents, receivables and other current assets.

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19. Financial risk management (Continued)

Financial risk management framework... (Continued)

Credit risk (Continued)

The company monitors credit risk related to receivable and related party balances and establishes provision for doubtful balances. The company deposits its funds in banks with high reliability and creditworthiness. The company also has a policy regarding the amount of funds deposited in each bank, and the management does not expect the existence of significant credit risks resulting from this.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulties in obtaining the necessary finance to meet obligations related to financial instruments. Liquidity risk may arise when the inability to sell a financial asset quickly at a value approximate to its fair value. Liquidity risk is managed through regular monitoring of the adequacy of the available liquidity to meet the financial obligations of the company. As the company has sufficient liquidity to pay

its liabilities and for the liabilities owed by the company for more than a year, such as exchange for a bank guarantee for one of the local banks as the guarantor of the associate company, and it will be paid after end of the liquidation of the associate.

Capital risk management

For the purpose of managing the company's capital risk, the company's capital structure consists of shareholders' equity (consist of share capital, statutory reserve, retained earnings and equity instruments valuation reserve at FVOCI). The main objective of capital management is to maximize shareholders' equity

The company manages and adjusts its share capital structure in view of changes in economic conditions and financial commitment requirements. In order to maintain or adjust the share capital structure, the company may adjust dividends to shareholders or issue new shares.

The company has no capital structure with specific objectives or rates to be achieved in connection with managing capital risk. The overall strategy of the company remains unchanged from the previous year.

20. Significant events

At the beginning of the year 2020, the novel Corona pandemic (Covid-19) spread, causing disruption to business and economic activities around the world, including the Kingdom of Saudi Arabia, and the Kingdom took many precautionary measures to confront all the negative consequences of that pandemic. The extent of the impact of the Corona pandemic on the company's business, operations and financial results is something the management believes, but the amounts are not specific and depend on many factors and future developments.

This required the company's management to reassess the main assumptions, estimates and sources applicable to the company's financial statements for the year ended December 31, 2020, and the interim condensed financial statements for the period ended March 31, 2021.

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20. significant events (Continued)

During the period, and with the discovery of vaccines for this pandemic and the decline of the effects resulting from that pandemic, the management evaluated all effects on the operations and activities of the company, and based on this evaluation, there was no need to make substantial adjustments in the interim condensed financial statements for the period ended March 31, 2021, however, In view of the current uncertainty, any future change in assumptions and estimates results may arise thereof, that require substantial adjustments to the carrying values of assets and / or liabilities in future periods. In view of the rapid development of the current situation with the existence of uncertainty about the future, management will continue to evaluate the impact based on future developments,

21. Subsequent events

On Ramadan 8, 1442H (corresponding to April 20, 2021), the Second Circuit of the Jeddah Commercial Court issued its judgment to appoint Edraak International Company as a liquidator to succeed Saleh Al-Naim's office in the liquidation of the Arab Sulfonate Company Ltd,

On 9 Ramadan 1442H (corresponding to April 21, 2021), the fiftieth ordinary general assembly of the shareholders of the company held its meeting and decided the following:

- Non-approval of the Board of Directors' report for the financial year ended December 31, 2020,
- Non-approval of the financial statements for the financial year ended December 31, 2020,
- Non-approval of the auditor's report for the financial year ended December 31, 2020,

And also non-approval to exonerate the members of the Board of Directors from liability for the financial year ended December 31, 2020,

The management believes that there have been no other significant subsequent events since the date of the Company's interim condensed financial statements for the period ended March 31, 2021, Until the date of preparing these financial statements, they may have a material impact on the financial position of the company,

22. Approval of the interim condensed financial statements

These interim condensed financial statements for the period ended 31 March, 2021, were approved by the Board of Directors on 22 April 2021 (corresponding to 10 Ramadan 1442H),