

**SAUDI ARABIAN REFINERIES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE AND NINE MONTHS PERIODS**  
**ENDED SEPTEMBER 30, 2021**  
**AND INDEPENDENT AUDITOR'S REVIEW REPORT**

# SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

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## Interim condensed financial statements (unaudited) for the three and nine months periods ended September 30, 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 September 30, 2021, the interim condensed statements of profit or loss and other comprehensive income for the three and nine-month periods ending on September 30, 2021, the condensed interim changes in shareholders' equity and the condensed interim cash flows for the nine months period then ended, and summary of significant accounting policies, and the notes (1) to (21) 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 Accounting Standard No. 34 ("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" approved in the Kingdom of Saudi Arabia. A review of the interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that approved in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

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

**Emphasis of matter**

We draw attention to the stated in note (19) 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 resolutions have been made:

- 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' members 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.

Jeddah: October 20, 2021  
Rabi Al-Awwal 14 ,1443 H

FOR EL SAYED EL AYOUTY &amp; CO.

**Abdullah Ahmad Balamash**  
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)

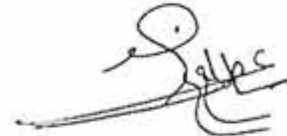
	Notes	As at	As at
		September 30, 2021	December 31, 2020
		Unaudited	Audited
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment- net		90,869	57,203
Investments in equity instruments at fair value through other comprehensive income	5.A	630,225,850	429,933,581
Investments in associates	6	50,062,142	49,359,105
<b>Total non-current assets</b>		<b>680,378,861</b>	<b>479,349,889</b>
<b>Current assets</b>			
Prepaid expenses and other receivables	7	315,240	8,587,390
Cash and cash equivalents	9	31,599,345	30,657,331
<b>Total current assets</b>		<b>31,914,585</b>	<b>39,244,721</b>
<b>Total assets</b>		<b>712,293,446</b>	<b>518,594,610</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
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	503,488,509	301,906,348
Retained earnings		27,439,218	28,977,168
<b>Total equity</b>		<b>708,368,488</b>	<b>508,324,277</b>
<b>Non-current liabilities</b>			
Employees' defined benefits obligations		663,352	612,259
<b>Total non-Current liabilities</b>		<b>663,352</b>	<b>612,259</b>
<b>Current liabilities</b>			
Due to shareholders		2,477,898	3,860,902
Accruals and other current liabilities	10	333,208	5,462,974
Provision for zakat	11.B	450,500	334,198
<b>Total current liabilities</b>		<b>3,261,606</b>	<b>9,658,074</b>
<b>Total liabilities</b>		<b>3,924,958</b>	<b>10,270,333</b>
<b>Total equity and liabilities</b>		<b>712,293,446</b>	<b>518,594,610</b>



Accounts Officer



Executive Director



Chairman of the Board of Directors

The accompanying notes from (1) to (21) form an integral part of these interim condensed financial statements

# SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

For the three and nine months periods ended September 30, 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 of three months ended in September 30,		For the period of nine months ended in September 30,	
		2021	2020	2021	2020
		Unaudited	Unaudited	Unaudited	Unaudited
Investment income	12	163,316	283,980	8,087,165	8,167,820
Company's share from results of investment in associates	13	(293,715)	580,150	703,037	357,615
Gross (loss) / profit		(130,399)	864,130	8,790,222	8,525,435
General and administrative expenses		(475,994)	(518,193)	(1,907,346)	(1,867,932)
(Loss) / profit of the activity		(606,393)	345,937	6,882,876	6,657,503
Provisions written-back	10	1,529,119	-	1,529,119	-
Other income		55,464	75,375	228,862	227,685
Net profit for the period before zakat		978,190	421,312	8,640,857	6,885,188
Zakat for the period	11.B	(150,250)	(35,232)	(450,500)	(500,000)
Zakat for prior years	11.B	-	-	(3,159)	-
Net profit for the period after Zakat		827,940	386,080	8,187,198	6,385,188
<u>Items of other comprehensive Income:</u>					
Items that will not be re-classified subsequently within profits or losses:					
Net changes in the fair value of investments in equity instruments at FVOCI	5.B	86,325,641	48,593,796	203,107,013	(9,148,648)
Total income/(loss) comprehensive income for the period		87,153,581	48,979,876	211,294,211	(2,763,460)
Basic and diluted profit per share of net profit for the period	14	0.06	0.03	0.55	0.43



Accounts Officer



Executive Director



Chairman of the Board of Directors

The accompanying notes from (1) to (21) form an integral part of these interim condensed financial statements.

## SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

For the nine months period ended September 30, 2021

Interim condensed statement of changes in equity (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Reserve for valuation of 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 profit for the period	-	-	-	6,385,188	6,385,188
Other comprehensive (loss) for the period	-	-	(9,148,648)	-	(9,148,648)
<b>Total comprehensive (loss) for the period</b>	-	-	(9,148,648)	6,385,188	(2,763,460)
Dividends (note 15)	-	-	-	(15,000,000)	(15,000,000)
Balance as at September 30, 2020 (unaudited)	150,000,000	26,102,735	236,783,735	23,312,041	436,198,511
Balance as at January 1, 2021 (audited)	150,000,000	27,440,761	301,906,348	28,977,168	508,324,277
Net profit for the period	-	-	-	8,187,198	8,187,198
Other comprehensive income for the period	-	-	203,107,013	-	203,107,013
<b>Total comprehensive income for the period</b>	-	-	203,107,013	8,187,198	211,294,211
Gains on sale of investments in equity instruments at FVOCI	-	-	(1,524,852)	1,524,852	-
Dividends (note 15)	-	-	-	(11,250,000)	(11,250,000)
Balance as at September 30, 2021 (unaudited)	150,000,000	27,440,761	503,488,509	27,439,218	708,368,488



Accounts Officer



Executive Director



Chairman of the Board of Directors

The accompanying notes from (1) to (21) form an integral part of these interim condensed financial statements .

# SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

For the nine months period ended September 30, 2021

Interim condensed statement of cash flows (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

	<u>For the period of nine months ended in September 30,</u>	
	<u>2021</u>	<u>2020</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>
<b><u>Cash flows from operating activities:</u></b>		
Net profit for the period before zakat	8,640,857	6,885,188
<b>Adjustments for Net profit for the period before zakat to net cash flows from operating activities:</b>		
Depreciation of property and equipment	11,558	9,828
Provided from employees' defined benefits obligations	51,093	51,092
Company's share from results of investment in associates	(703,037)	(357,615)
<b>Changes in Items of operating assets and liabilities:</b>		
Prepaid expenses and other receivables	8,272,150	11,432,474
Due to shareholders	(1,383,004)	19,553
Accruals and other current liabilities	(5,129,766)	144,901
<b>Cash provided by operating activities</b>	<b>9,759,851</b>	<b>18,185,421</b>
Zakat paid	(337,357)	(1,333,776)
<b>Net Cash flows provided by operating activities</b>	<b>9,422,494</b>	<b>16,851,645</b>
<b><u>Cash flows from investing activities:</u></b>		
Additions of properties and equipment	(45,223)	(5,713)
Purchase of investments in equity instruments at FVOCI	-	(6,000,298)
Proceeds from the sale of investments in equity instruments at FVOCI	2,814,743	-
<b>Net cash flows provided by / (used in) investing activities</b>	<b>2,769,520</b>	<b>(6,006,011)</b>
<b><u>Cash flows from financing activities:</u></b>		
Dividends paid	(11,250,000)	(15,000,000)
<b>Cash flows (used in) financing activities</b>	<b>(11,250,000)</b>	<b>(15,000,000)</b>
Increase (decrease) in cash and cash equivalents	942,014	(4,154,366)
Cash and cash equivalents at the beginning of the period	30,657,331	36,310,138
<b>Cash and cash equivalents at the end of the period</b>	<b>31,599,345</b>	<b>32,155,772</b>
<b>Non-cash transactions</b>		
Unrealized profits/(losses) from investments in equity instruments at FVOCI	203,107,013	(9,148,648)



Accounts Officer



Executive Director



Chairman of the Board of Directors

The accompanying notes from (1) to (21) form an integral part of these interim condensed financial statements .

# SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

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## Notes to interim condensed financial statements for the three and nine months periods ended September 30, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

### 1. General

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

As at September 30, 2021, the company's share capital amounted to SR 150 million (September 30, 2020: SR 150 million) divided into 15 million shares (September 30, 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 September 30, 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 Chartered and Professional 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 September 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.

#### 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.



# SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

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## Notes to interim condensed financial statements for the three and nine months periods ended September 30, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

### 2. Basis of preparation... (Continued)

#### 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 (19) 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 and nine months periods ended September 30, 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 September</u> <u>30, 2021</u>	<u>As at December</u> <u>31, 2020</u>
Saudi Industrial Investment Group	619,934,784	416,328,752
Tabuk Cement Company *	-	2,190,850
Saudi Arabian Oil Company (Saudi Aramco)	1,277,316	1,241,835
Southern Region Cement Company	9,013,750	10,172,144
	<u>630,225,850</u>	<u>429,933,581</u>

\* On August 12, 2021, the company's board of directors resolved to sell the shares of Tabuk Cement Company at value of SR. 2,814,743 and a profit of SR. 1,524,852 was achieved from this sale, and the purchase cost was 1,289,891 (note 5.B).

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

	<u>As at September</u> <u>30, 2021</u>	<u>As at December</u> <u>31, 2020</u>
Balance at beginning of the period / year	301,906,348	245,932,383
Unrealized gains during the period / year	203,107,013	55,973,965
Realized gains during the period / year	(1,524,852)	-
	<u>503,488,509</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>No. of shares as at</u>		<u>Market</u> <u>value of the</u> <u>share</u>	<u>Balance as at</u>	
	<u>September</u> <u>30, 2021</u>	<u>December</u> <u>31, 2020</u>		<u>September</u> <u>30, 2021</u>	<u>December</u> <u>31, 2020</u>
Saudi Industrial Investment Group	15,194,480	15,194,480	40,80	619,934,784	416,328,752
Tabuk Cement Company	-	128,571	-	-	2,190,850
Saudi Arabian Oil Company (Aramco)	35,481	35,481	36,00	1,277,316	1,241,835
Southern region cement company	120,666	120,666	74,70	9,013,750	10,172,144
				<u>630,225,850</u>	<u>429,933,581</u>

### 6. Investments in associates

Investments in associates represent the followings:

<u>Name of the company</u>	<u>Main</u> <u>business</u> <u>sector</u>	<u>Country of</u> <u>incorporation</u>	<u>Ownership</u> <u>percentage</u>	<u>As at</u> <u>September</u> <u>30, 2021</u>	<u>As at</u> <u>December</u> <u>31, 2020</u>
A. Arab Company for Tanks Ltd.	Services	KSA	27%		
Balance at the beginning of the period / year				49,359,105	48,309,359
Company's share from the results of investment in associate				703,037	1,047,918
Company's share of the OCI of the associate's				-	1,828
Balance at end of the period / year				<u>50,062,142</u>	<u>49,359,105</u>

# SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

## Notes to interim condensed financial statements for the three and nine months periods ended September 30, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

### 6. Investments in associates...(Continued)

Investments in associates represent the followings:

<u>Name of the company</u>	<u>Main business sector</u>	<u>Country of incorporation</u>	<u>Ownership percentage</u>	<u>As at September 30, 2021</u>	<u>As at December 31,2020</u>
<b>B. Arab Company for Sulfonates Ltd.</b>	Industrial	KSA	34%		
Balance at the 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*				-	-
				<u>50,062,142</u>	<u>49,359,105</u>

\* 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,
- 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), 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 19).

# SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

## Notes to interim condensed financial statements for the three and nine months periods ended September 30, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

### 7. Prepaid expenses and other receivable balances

Other current assets are:

	<u>As at September</u> <u>30, 2021</u>	<u>As at December</u> <u>31, 2020</u>
Dividends payable	-	7,597,240
Prepaid expenses	46,025	33,739
Other receivable balances	269,215	180,599
Due from Arab Company for Tanks Ltd(Note 8.B) .	-	775,812
	<u>315,240</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:

	<u>Relationship</u>	<u>Nature of transaction</u>	<u>Transaction volume for the</u> <u>period ended</u>	
			<u>September 30,</u> <u>2021</u>	<u>September 30,</u> <u>2020</u>
Arab Company for Tanks Ltd.	Associate	Administrative services fees	<u>226,125</u>	<u>226,125</u>

### B) Due from associates:

	<u>As at September</u> <u>30, 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
	<u>2,639,014</u>	<u>3,414,826</u>
Less: Provision for expected credit losses	(2,639,014)	(2,639,014)
	<u>-</u>	<u>775,812</u>

### 9. Cash and cash equivalents

	<u>As at September</u> <u>30, 2021</u>	<u>As at December</u> <u>31, 2020</u>
Cash on hand	1,087	2,041
Cash at banks	31,598,258	30,655,290
	<u>31,599,345</u>	<u>30,657,331</u>

### 10. Accruals and other current liabilities

Accruals and other current liabilities represent the followings:

	<u>As at September</u> <u>30, 2021</u>	<u>As at December</u> <u>31, 2020</u>
Accrued expenses	333,208	363,855
Provision for bank guarantee*	-	5,099,119
	<u>333,208</u>	<u>5,462,974</u>

# SAUDI ARABIAN REFINERIES COMPANY

(A Saudi Joint Stock Company)

## Notes to interim condensed financial statements for the three and nine months periods ended September 30, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

### 10. Accruals and other current liabilities...(continued)

\*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 the 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 February 3, 2019, 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.

On September 9, 2021, the Saudi British Bank (SABB) agreed to deduct 30% of the bank guarantee value that amounted to SR. 5.1 million, and accordingly, only SR. 3.57 million was paid, provided that the bank absolves the Saudi Arabian Refineries Company from any future claims, therefore, the amount of SR. 1.52 million was refunded to the profit or loss statement.

On October 19, 2021, an agreement was signed between the Saudi British Bank (SABB) and the company, accordingly, the bank absolved the Saudi Arabian Refineries Company from any future claims related to the bank guarantee on behalf of the Arab Sulfonate Company (note 20).

### 11. Zakat

#### 11. A. Zakat calculation

	<u>As at September</u> <u>30, 2021</u>	<u>As at December</u> <u>31, 2020</u>
Net (loss) amended profit	(1,627,391)	13,367,907
Total added items	378,770,715	483,745,341
Total deducted items	(524,156,780)	(493,164,462)
Zakat base	(145,386,065)	(9,419,121)
Zakat payable at 2,5% of net amended profit /Zakat base	-	334,198

#### 11. B. Movement of zakat

	<u>As at September</u> <u>30, 2021</u>	<u>As at December</u> <u>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	450,500	334,198
	<u>450,500</u>	<u>334,198</u>

#### 11. C. Zakat status

The company filed its zakat returns for the years up to December 31, 2020, and obtained a zakat certificate No. 1110511886 for the year ended December 31, valid until April 30, 2022.

# SAUDI ARABIAN REFINERIES COMPANY

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## Notes to interim condensed financial statements for the three and nine months periods ended September 30, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

### 11. Zakat ...(Continued)

#### 11. C. Zakat status...(Continued)

##### Years from 2017 to 2018

The GAZT 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

Investment income for the period ended September 30 is as follows:

	<u>For the three month period</u> <u>ending September 30,</u>		<u>For the nine month period</u> <u>ending September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
Saudi Industrial Investment Group	-	-	7,597,240	7,597,240
Saudi Arabian Oil Company (Aramco Saudi Arabia)	12,482	12,482	37,447	27,583
Southern Region Cement Company	150,834	271,498	452,498	542,997
	<u>163,316</u>	<u>283,980</u>	<u>8,087,185</u>	<u>8,167,820</u>

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

The company's share from the results of the business of associates for the period ended September 30 are represented by the following:

	<u>For the three month period</u> <u>ending September 30,</u>		<u>For the nine month period</u> <u>ending September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
Arab Company for Tanks Ltd	<u>(293,715)</u>	<u>580,150</u>	<u>703,037</u>	<u>357,615</u>

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

	<u>For the three month period</u> <u>ending September 30,</u>		<u>For the nine month period</u> <u>ending September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
Net profit for the period	827,940	386,080	8,187,198	6,385,188
Weighted average number of shares	15,000,000	15,000,000	15,000,000	15,000,000
Basic and diluted earnings per share	<u>0,06</u>	<u>0,03</u>	<u>0,55</u>	<u>0,43</u>

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## Notes to interim condensed financial statements for the three and nine months periods ended September 30, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

### 15. Dividends

Dated April 21, 2021 corresponding to Ramadan 9, 1442 H, the General Assembly in its meeting agreed the Board of directors' recommendation dated March 3, 2021 to pay dividends for the financial year of 2020 with amount of SR 11,250,000 equals to (7, 5%) of the share capital at 75 Halals per share (2019: SR 15,000,000, at SR 1 per share). The dividends will be distributed on Monday Ramadan 28, 1442H corresponding to May 10, 2021.

### 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. 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.

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.

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## Notes to interim condensed financial statements for the three and nine months periods ended September 30, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

### 18. Financial risk management framework...(Continued)

#### Foreign exchange rate risk...(Continued)

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, and 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. 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.

#### Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences may arise between the carrying amounts and fair value estimates. The definition of fair value is based on the measurement to the market and the assumptions used by market participants.

#### Fair value of financial instruments carried at amortized cost

Management believes that the carrying amounts of financial assets and financial liabilities carried at amortized cost in the interim condensed financial statements approximate their fair value.



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### 19. Significant events

19.1. The outbreak of novel coronavirus ("COVID-19") since early 2020, spread globally caused disruptions to businesses and economic activity globally including the Kingdom of Saudi Arabia, however, the Company managed to maintain its profitable position and generated revenue amounting to SR 8 million during the current period ended September 30, 2021, compared to SR 8.1 million during the comparative period ended September 30, 2020. Although the (COVID-19) pandemic has had though impact on economic activities and businesses across the world, had no impact on the economic activity and the Company's business despite travel restrictions and lock-downs in some countries on account of second / third wave of the pandemic during the current period.

The Company has performed an assessment of whether it is going concern in the light of current economic conditions and all available information about future risk and uncertainties. The projections have been prepared covering the Group's future performance and liquidity. Even during the challenging time, the Company was able to manage its liquidity position by proactively controlling the expense components.

Management believes that the above actions, are realistic and reasonable and will effectively maintain the profitability of the Company and improve its ability to generate future profits and cash flows and continue its operations in the future period.

The impact of COVID-19 may continue to evolve, but at present time the projections demonstrate that the Company has sufficient resources to continue in operational existence and its going concern position remains largely unaffected and unchanged since December 31, 2020. As a results, these financial statements continue to be prepared on a going concern basis.

The Company will continue to closely monitor the impact of COVID-19 as the situation progresses to manage the potential business disruption, COVID-19 outbreak may have its operational and financial performance impact in 2021.

19.2. 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.

19.3. On Ramadan 9, 1442H (corresponding to April 21, 2021), the fiftieth ordinary general assembly of the shareholders of the company held its meeting and resolved 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.
- Approved to elect a new board of directors among the candidates for the next term, which begins on May 1, 2021 for the period of three years ending April 30, 2024.

### 20. Subsequent events

On October 19, 2021, an agreement was signed between the Saudi British Bank (SABB) and the company, accordingly, the bank absolved the Saudi Arabian Refineries Company from any future claims related to the bank guarantee on behalf of the Arab Sulfonate Company.

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 September 30, 2021, Until the date of preparing these financial statements, they may have a material impact on the financial position of the company.

### 21. Approval of the interim condensed financial statements

These interim condensed financial statements, were approved by the Board of Directors on October 20, 2021 (corresponding to 14 Rabi Al- Awwal 1443 H).