

SAUDI ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE- AND SIX MONTHS PERIOD ENDED 30 JUNE 2022
WITH INDEPENDENT AUDITOR'S REPORT

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SAUDI ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE THREE AND SIX - MONTHS PERIOD ENDED 30 JUNE 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

**TO THE SHAREHOLDERS OF
SAUDI ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of Saudi Advanced Industries Company (the "Company") as at 30 June 2022 and the related interim condensed statement of profit or loss and other comprehensive income for the three and six -months period then ended and the interim condensed statements of changes in equity and cash flows for the six-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 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 condensed 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 are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION


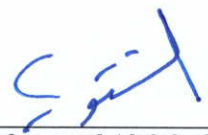

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements as at 30 June 2022 are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For Al-Bassam & Co.



Ibrahim A. Al Bassam
Certified Public Accountant
License No. 337
Riyadh: 24 Muharram 1444H
Corresponding to: 22 August 2022

SAUDI ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022
(All amounts are in Saudi riyals unless otherwise mentioned)

| | Note | 30 June 2022 (Unaudited) | 31 December 2021 (Audited) |
|---|---|---|-------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment and intangible, net | | 392,789 | 365,075 |
| Investments in associate companies | 4 | 519,932,810 | 479,322,812 |
| Financial assets at FVOCI | 5 | 191,928,651 | 250,795,293 |
| Financial assets at FVPL | 6-1 | 188,689,970 | 188,689,970 |
| Other financial assets | | 1,758,169 | 1,976,625 |
| Total non-current assets | | 902,702,389 | 921,149,775 |
| Current assets | | | |
| Prepayments and other current assets | | 740,545 | 262,385 |
| Cash and cash equivalents | | 26,456,643 | 23,780,237 |
| Total current assets | | 27,197,188 | 24,042,622 |
| Total assets | | 929,899,577 | 945,192,397 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 7 | 500,000,000 | 500,000,000 |
| Statutory reserve | 8 | 150,000,000 | 150,000,000 |
| General reserve | 9 | 34,331,892 | 34,331,892 |
| Retained earnings | | 205,873,865 | 185,114,021 |
| Actuarial reserve | | (876,347) | (876,347) |
| Fair value reserve | 5 | 10,334,976 | 69,366,807 |
| Total equity | | 899,664,386 | 937,936,373 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Non-Current portion of long-term loans | 12 | 23,825,849 | - |
| Employees' end of service benefits | 13 | 2,001,255 | 2,375,616 |
| Total non-current liabilities | | 25,827,104 | 2,375,616 |
| Current liabilities | | | |
| Current portion of long-term loans | 12 | 1,227,458 | - |
| Accrued expenses and other current liabilities | | 2,941,808 | 4,730,408 |
| Zakat provision | 11 | 238,821 | 150,000 |
| Total current liabilities | | 4,408,087 | 4,880,408 |
| Total liabilities | | 30,235,191 | 7,256,024 |
| Total equity and liabilities | | 929,899,577 | 945,192,397 |
|  |  |  | |
| Muhannad Mustafa Al-Ashqar Chief Financial Officer | Mohammed Abdulaziz ALShetwey Chief Executive Officer | Youssef Mohammed Al-Qafari Chairman of Board of Directors | |

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

SAUDI ADVANCED INDUSTRIES COMPANY

(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE AND SIX - MONTHS PERIOD ENDED 30 JUNE 2022

(All amounts are in Saudi riyals unless otherwise mentioned)

| | Note | For the three months period | | For the six months period | |
|-------------------------------------|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | | 30 June 2022 (Unaudited) | 30 June 2021 (Unaudited) | 30 June 2022 (Unaudited) | 30 June 2021 (Unaudited) |
| Revenue | 14 | 31,087,352 | 19,343,143 | 65,527,319 | 39,028,160 |
| Gross income | | 31,087,352 | 19,343,143 | 65,527,319 | 39,028,160 |
| General and administrative expenses | | (3,637,294) | (2,169,062) | (7,077,531) | (4,310,718) |
| Profit from operating | | 27,450,058 | 17,174,081 | 58,449,788 | 34,717,442 |
| Finance costs | | (53,307) | - | (53,307) | - |
| Other income | | 2,847 | 48,330 | 2,847 | 55,309 |
| Net income before zakat | | 27,399,598 | 17,222,411 | 58,399,328 | 34,772,751 |
| Zakat | 11-2 | (81,844) | (430,560) | (139,484) | (930,560) |
| Net income for the period | | 27,317,754 | 16,791,851 | 58,259,844 | 33,842,191 |

Other comprehensive income

/ (loss):

Items that will not be subsequently reclassified to profit or loss:

Change in financial assets at FVOCI

| | | | | | |
|--|--|--------------|------------|--------------|------------|
| | | (58,125,510) | 12,144,435 | (59,031,831) | 34,686,929 |
|--|--|--------------|------------|--------------|------------|

Total comprehensive income

/ (loss) for the period

| | | | | | |
|--|--|---------------------|-------------------|------------------|-------------------|
| | | (30,807,756) | 28,936,286 | (771,987) | 68,529,120 |
|--|--|---------------------|-------------------|------------------|-------------------|

Basic and diluted earnings per share

Earnings per share from Net income for the period

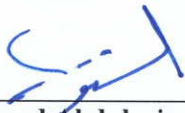
| | | | | | |
|--|----|------|------|------|------|
| | 15 | 0.55 | 0.34 | 1.17 | 0.68 |
|--|----|------|------|------|------|

Earnings per share from Net income for the period

(Loss)/Earnings per share out of total (loss)/comprehensive income for the period

| | | | | | |
|--|----|--------|------|--------|------|
| | 15 | (0.62) | 0.58 | (0.02) | 1.37 |
|--|----|--------|------|--------|------|


Muhannad Mustafa Al-Ashqar
Chief Financial Officer


Mohammed Abdulaziz ALShetwey
Chief Executive Officer


Youssef Mohammed Al-Qafari
Chairman of Board of Directors

SAUDI ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

(All amounts are in Saudi riyals unless otherwise mentioned)

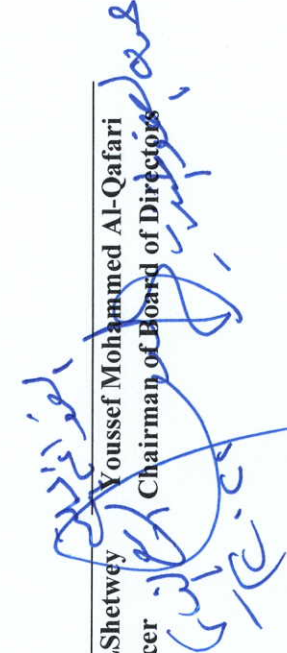
| | Note | Share capital | Statutory reserve | General reserve | Retained earnings | Actuarial reserve | Fair value reserve | Total |
|--|------|--------------------|--------------------|-------------------|--------------------|-------------------|--------------------|--------------------|
| For the six-months period ended 30 June 2021 | | | | | | | | |
| Balance as at 31 December 2020 (Audited) | | 500,000,000 | 150,000,000 | 34,331,892 | 106,062,684 | (745,378) | 50,105,775 | 839,754,973 |
| Net income for the period | | - | - | - | 33,842,191 | - | - | 33,842,191 |
| Other comprehensive income | | - | - | - | - | - | 34,686,929 | 34,686,929 |
| Total comprehensive income for the period | | - | - | - | 33,842,191 | - | 34,686,929 | 68,529,120 |
| Transfer fair value reserve upon investment disposal | | - | - | - | 257,979 | - | (257,979) | - |
| Dividends | 10 | - | - | - | (12,500,000) | - | - | (12,500,000) |
| Balance as at 30 June 2021 | | 500,000,000 | 150,000,000 | 34,331,892 | 127,662,854 | (745,378) | 84,534,725 | 895,784,093 |
| For the six-months period ended 30 June 2022 | | | | | | | | |
| Balance as at 31 December 2021 (Audited) | | 500,000,000 | 150,000,000 | 34,331,892 | 185,114,021 | (876,347) | 69,366,807 | 937,936,373 |
| Net income for the year | | - | - | - | 58,259,844 | - | - | 58,259,844 |
| Other comprehensive loss | | - | - | - | - | - | (59,031,831) | (59,031,831) |
| Total comprehensive loss for the period | | - | - | - | 58,259,844 | - | (59,031,831) | (771,987) |
| Dividends | 10 | - | - | - | (37,500,000) | - | - | (37,500,000) |
| Balance as at 30 June 2022 | | 500,000,000 | 150,000,000 | 34,331,892 | 205,873,865 | (876,347) | 10,334,976 | 899,664,386 |



Muhannad Mustafa Al-Ashqar
Chief Financial Officer



Mohammed Abdulaziz ALShetwey
Chief Executive Officer




Youssef Mohammed Al-Qafari
Chairman of Board of Directors

SAUDI ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022
(All amounts are in Saudi riyals unless otherwise mentioned)

| | Note | 30 June 2022 (unaudited) | 30 June 2021 (unaudited) |
|--|------|-----------------------------|-----------------------------|
| <u>Cash flows from operating activities:</u> | | | |
| Net Income for the period before zakat | | 58,399,328 | 34,772,751 |
| Adjustments to reconcile net Income before zakat to net cash from operating activities: | | | |
| Depreciation of property and equipment and intangible | | 69,039 | 91,626 |
| Capital gains | | (2,749) | 659 |
| Provision for end of service benefits | | 819,827 | 185,347 |
| Share of profit in an associate | 4 | (54,246,362) | (33,676,717) |
| Finance costs | | 53,307 | - |
| | | <u>5,092,390</u> | <u>1,373,666</u> |
| Changes in working capital items | | | |
| Prepayments and other current assets | | (478,160) | (207,949) |
| Other Financial assets | | 218,456 | - |
| Accrued expenses and other current liabilities | | (1,788,600) | (1,069,957) |
| Cash generated from operating activities | | <u>3,044,086</u> | <u>95,760</u> |
| Employees' end of service benefits paid | | (1,194,188) | (275,054) |
| Zakat paid | 12-2 | (50,663) | (2,165,611) |
| Net cash generated from operating activities | | <u>1,799,235</u> | <u>(2,344,905)</u> |
| <u>Cash flows from investing activities:</u> | | | |
| Paid to purchase property and equipment | | (99,502) | (70,557) |
| Dividends received from investments in associate | 4 | 13,636,364 | 9,090,909 |
| Purchasing financial assets at FVOCI | | (165,189) | - |
| Proceeds property and equipment | | 5,498 | - |
| Proceeds after sale financial assets at FVOCI | | - | 16,715,037 |
| Net cash generated from investing activities | | <u>13,377,171</u> | <u>25,735,389</u> |
| <u>Cash flows from financing activities:</u> | | | |
| Proceeds from loans and facilities | | 25,000,000 | - |
| Dividends paid | 10 | (37,500,000) | (12,500,000) |
| Net cash used in financing activities | | <u>(12,500,000)</u> | <u>(12,500,000)</u> |
| Net change in cash and cash equivalents | | <u>2,676,406</u> | <u>10,890,484</u> |
| Cash and cash equivalent at the beginning of the period | | <u>23,780,237</u> | <u>4,685,505</u> |
| Cash and cash equivalents at the end of the period | | <u>26,456,643</u> | <u>15,575,989</u> |
| <u>Non-monetary transactions</u> | | | |
| Change in fair value reserve of financial assets | | (59,031,831) | 34,686,929 |
| Transfer from fair value reserve to retained earnings due to selling investments at FVOCI | | - | 257,979 |


Muhannad Mustafa Al-Ashqar
Chief Financial Officer


Mohammed Abdulaziz ALShetwey
Chief Executive Officer


Youssef Mohammed Al-Qafari
Chairman of Board of Directors

SAUDI ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2022
(All amounts are in Saudi riyals unless otherwise mentioned)

1. Organization and principal activities

Saudi Advanced Industries Company (“the Company”) is a Saudi joint-stock company registered in the Kingdom of Saudi Arabia with Commercial Registration No. 1010068321 issued in Riyadh on Jumada Al-Awwal 24, 1408H, corresponding to 13 January 1988.

The principal activity of the Company in Management of subsidiaries of holding companies, In-vesting the funds of the subsidiaries of the holding companies.

The headquarters of the Company is located at the following address:

Riyadh / Al-Narjis district - -Takhasusi Street with Othman bin Affan Road
P.O. Box 51743
Riyadh 11553
Saudi Arabia

2. Basis of preparation

The interim condensed financial statements for the six-months period ended on 30 June 2022 have been prepared in accordance with International Accounting Standard No. 34 (IAS), “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement that are issued by Saudi Organization for Chartered and Professional Accountants.

The interim condensed financial statements do not include all the required information and disclosures to prepare the annual financial statements, and should be read in conjunction with the annual financial statements of the company for the year ended 31 December 2021.

These interim condensed financial statements have been prepared on going concern basis and in accordance with the accrual accounting principle and the historical cost basis, except the financial assets that are measured at fair value and employee benefit liabilities carried in the present value of liabilities.

Use of estimates and assumptions

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

In particular, information about significant matters regarding the estimation of uncertainty in the application of accounting policies that have a significant effect on the amounts recognized in the financial statements, as follows:

The management reassesses the useful lives of tangible assets and intangible assets periodically depending on the general condition of these assets and management's expectations for their future useful lives.

Management assesses the recoverable amount of the financial assets to determine whether there is any impairment.

Estimates and assumptions applied are continually reviewed, and changes in accounting estimates are recognized in the period in which the estimates were changed and in future years affected by that change.

Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or liability is measured using assumptions used by market parties when pricing the asset or liability on the assumption that market participants are working in their best economic interests.

SAUDI ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2022
 (All amounts are in Saudi riyals unless otherwise mentioned)

2. Basis of preparation (continued)

Fair value measurement (continued)

The fair value measurement of a non-financial asset takes into account the ability of market parties to provide economic benefits by using the asset to achieve the best benefit from it or by selling it to another market party to use it in a manner that achieves the best benefit from it.

The company uses valuation methods commensurate with the circumstances and conditions and has sufficient data to measure fair value, maximizing the use of relevant observable data, and minimizing the use of unobservable data to the greatest extent.

All assets and liabilities whose fair values are measured or whose fair values are disclosed in the financial statements are categorized within the scope of the fair value hierarchy set forth below based on the lowest level data that is essential to the fair value measurement as a whole:

Level 1: prices traded in active markets for the same assets or liabilities.

Level 2: other valuation techniques in which the minimum significant inputs are observable, directly or indirectly, to the fair value measurement.

Level 3: other valuation techniques in which the minimum significant inputs that are relevant to the fair value measurement are unobservable.

With regard to the assets and liabilities included in the financial statements on a recurring basis, the company determines whether transfers have taken place between levels in the above hierarchy by re-assessing the classification (based on the lowest level of data significant to the fair value measurement as a whole) at the end of each financial reporting period.

The company holds the following financial instruments at fair value in the balance sheet as follows:

| 30 June 2022 (unaudited) | Level 1 SR | Level 2 SR | Level 3 SR | Total |
|-----------------------------------|-----------------------|-----------------------|-----------------------|--------------------|
| Financial assets at FVOCI | 189,253,115 | - | 2,675,536 | 191,928,651 |
| Financial assets at FVTPL | - | - | 188,689,970 | 188,689,970 |
| 31 December 2021 (audited) | | | | |
| Financial assets at FVOCI | 248,394,909 | - | 2,400,384 | 250,795,293 |
| Financial assets at FVTPL | - | - | 188,689,970 | 188,689,970 |

3. Summary of significant accounting policies

The accounting policies used in preparing the interim condensed financial statements are consistent with the policies followed in preparing the annual financial statements of the company for the year ended 31 December 2021. The company did not apply any of the new and amended International Financial Reporting Standards issued and not yet effective.

SAUDI ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2022
(All amounts are in Saudi riyals unless otherwise mentioned)

4. Investments at the associate

Investments in associate amounted to the following:

| <u>Name</u> | <u>No. of share</u> | <u>%</u> | <u>30 June 2022</u> <u>(unaudited)</u> | <u>31 December 2021</u> <u>(audited)</u> |
|-----------------------|---------------------|--------------|---|---|
| Deutsche Gulf Finance | 18,181,818 | 31,62 | 279,343,653 | 280,197,897 |
| Obeikan Glass Company | 9,600,000 | 40 | 240,589,157 | 199,124,915 |
| | | | 519,932,810 | 479,322,812 |

The following is a summary of the movement of investments in associates:

| | <u>30 June 2022</u> <u>(unaudited)</u> | <u>31 December 2021</u> <u>(audited)</u> |
|--|---|---|
| Balance at the beginning of the period / year | 479,322,812 | 406,970,179 |
| Share of net profit of associate | 54,246,362 | 90,883,250 |
| Dividends of Deutsche Gulf Finance | (13,636,364) | (18,690,909) |
| Comprehensive income items impact on associate Company | - | 160,292 |
| Balance at the end of the period / year | 519,932,810 | 479,322,812 |

The shares of Obeikan Glass Company were listed and started trading in Nomu - Parallel Market as of Monday 6 Rajab 1443 AH corresponding to 7 February 2022, as a direct listing, at an indicative price of 68 riyals per share, bearing in mind that the total cost of Saudi Advanced Industries Company' stake in Obeikan Glass Company is 128 million riyals.

During the period ending on 30 June, 2022, Deutsche Gulf Finance Company, in which the Saudi Advanced Industries Company owns 31.62% of the capital, obtained the initial approval of the Saudi Central Bank to offer the company in the main financial market. Note that this approval is conditional on the company obtaining the final no-objection of the Central Bank of Saudi Arabia and the necessary approvals from the concerned authorities

5. Financial assets at FVOCI

Financial assets amounted to as follows:

| | <u>30 June 2022</u> <u>(unaudited)</u> | <u>31 December 2021</u> <u>(audited)</u> |
|--|---|---|
| A- Listed financial assets | 189,253,115 | 248,394,909 |
| B- Unlisted financial assets | 11,355,536 | 11,080,384 |
| | 200,608,651 | 259,475,293 |
| Less: | | |
| Provision for Impairment losses of investments | (8,680,000) | (8,680,000) |
| Total | 191,928,651 | 250,795,293 |

The movement in FVOCI is as follows:

| | <u>30 June 2022</u> <u>(unaudited)</u> | <u>31 December 2021</u> <u>(audited)</u> |
|--|---|---|
| Cost as at 1 January | 190,108,486 | 204,550,229 |
| Additions during the period / year | 165,189 | 2,015,315 |
| Disposals during the period / year | - | (16,457,058) |
| | 190,273,675 | 190,108,486 |
| Fair value reserve as at 1 January | | |
| Unrealized gains during the period / year | 69,366,807 | 50,105,775 |
| Transfer fair value reserve when investment disposal | (59,031,831) | 16,653,263 |
| Fair value reserve as at end of the period / year | - | (257,979) |
| Total | - | 2,865,748 |
| Deduct: - | 10,334,976 | 69,366,807 |
| Provision for impairment losses of investment | (8,680,000) | (8,680,000) |
| Net carrying value | 191,928,651 | 250,795,293 |

SAUDI ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2022
(All amounts are in Saudi riyals unless otherwise mentioned)

5. Financial assets at FVOCI

| A- Listed financial assets | No. shares | 30 June 2022 (unaudited) | 31 December 2021 (audited) |
|---|------------|-----------------------------|-------------------------------|
| Yanbu National Petrochemical (YANSAB) | 3,269,473 | 165,108,387 | 224,612,795 |
| Investment portfolio in Alistithmar Capital | 679,084 | 24,144,728 | 23,782,114 |
| | | <u>189,253,115</u> | <u>248,394,909</u> |

* The company signed a banking facility agreement worth 50 million Saudi riyals with a local bank in the form of Islamic financing (tawarruq) to cover the expansion of the company's investments in return for mortgaging part of the shares of investments listed in Yanbu National Petrochemical Company (Yansab)(2M share)

| B- Unlisted financial assets | 30 June 2022 (unaudited) | 31 December 2021 (audited) |
|-------------------------------------|-----------------------------|-------------------------------|
| Derayah Global Venture Capital Fund | 226,819 | 226,940 |
| Graphene Venture Fund | 1,145,313 | 750,702 |
| Hala Ventures Fund | 1,303,404 | 1,422,742 |
| AGC Obeikan Glass* | 8,680,000 | 8,680,000 |
| | <u>11,355,536</u> | <u>11,080,384</u> |
| Less: | | |
| Impairment losses* | <u>(8,680,000)</u> | <u>(8,680,000)</u> |
| | <u>2,675,536</u> | <u>2,400,384</u> |

* During the year 2018, the Board of Directors decided, due to the investee Company's losses exceed 100% of the capital, to form an impairment provision for the entire investment amount within the other comprehensive income.

6. Financial assets at FVPL

6-1 Non-current assets

| Unlisted financial assets | No. shares | % | 30 June 2022 (unaudited) | 31 December 2021 (audited) |
|--|------------|-------|-----------------------------|-------------------------------|
| Industrialization and Energy Services Company (TAQA) | 16,874,997 | 3.375 | 168,749,970 | 168,749,970 |
| Arabian Industrial Fibers Company (Ibn Rushd) | 1,249,354 | 0.62 | 12,493,540 | 12,493,540 |
| Alsalam Aerospace Industries Company* | 162,000 | 10 | 19,490,000 | 19,490,000 |
| | | | <u>201,183,510</u> | <u>201,183,510</u> |
| Less: | | | | |
| Impairment provision | | | <u>(12,493,540)</u> | <u>(12,493,540)</u> |
| Total | | | <u>188,689,970</u> | <u>188,689,970</u> |

*The shareholders decided in the extraordinary general assembly of the Arabian Industrial Fibers Company (Ibn Rushd) on 31 December 2017 to reduce the company's capital from 8.5 billion Saudi riyals to 2 billion Saudi riyals, as the share of the Advanced Industries Company from this reduction amounted to 40.7 million riyals. Saudi, so the investment will be 12,493,540 riyals as on 30 Jun 2022 (31 December 2021: 12,493,540 Saudi riyals). In the previous period, the Company has fully recognized impairment losses in the value of the investment.

7. Capital

The company's issued and paid capital amounted to SR 500 million consists of 50 million shares of equal value, each share value of SR 10.

8. Statutory reserve

In accordance with the Articles of Association and Saudi Arabian Regulations for Companies, the Company is required to transfer 10% of net income annually to the statutory reserve until such reserve equals 30% of the capital. As the reserve has reached this limit and there is no need for the further deduction, this reserve is not available for dividends distribution.

SAUDI ADVANCED INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
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9. General reserve

This reserve was made based on the decision of the Ordinary General Assembly on 15 May 2018, with the aim of facing future investment or zakat losses, and authorizing the Board of Directors to transfer from the general reserve if it is established to face any investment or zakat losses, in accordance with what the Board deems in the interest of the company.

10. Dividends

On May 31, 2022, the General Assembly of Shareholders approved the Board of Directors' recommendation on March 13, 2022 to distribute cash dividends of (37.5) million riyals to shareholders for the fiscal year ending on December 31, 2021 at 7.5% of the nominal value of the share at 0.75 riyals per share. This is for 50 million shares.

On the date of Dhul Qi'dah 13, 1442 AH corresponding to June 23, 2021, the Extraordinary General Assembly decided to distribute dividends in the amount of 12.5 million Saudi riyals, at a value of 0.25 Saudi riyals per share.

11. Zakat Provision

11-1 Zakat status

The company submitted its zakat returns to the Zakat Tax and Customs Authority until the year ended on 31 December 2021, and the company obtained a certificate from the Zakat Tax and Customs Authority, valid until 10 Shawwal 1444H corresponding to 30 April 2023, the Company has also settled its zakat and zakat assessments with Zakat Tax and Customs Authority until the year ended 31 December 2021.

11-2 Zakat provision movement as follows:

| | 30 June 2022 (unaudited) | 31 December 2021 (audited) |
|--|---|--------------------------------------|
| Balance beginning of the period / year | 150,000 | 2,618,970 |
| Charged during the period / year | 139,484 | 1,507,114 |
| Paid during the period / year | (50,663) | (3,976,084) |
| Balance end of the period / year | 238,821 | 150,000 |

12. LONG-TERM LOANS

| | 30 June 2022 | 31 December 2021 |
|--|---------------------|------------------|
| Balance at the beginning of the period / year | - | - |
| Withdrawals / addition of a new facility during the period / year (note5) | 25,000,000 | - |
| | 25,000,000 | - |
| Add: Financing transaction costs | 53,307 | - |
| Balance at the end of the period / year | 25,053,307 | - |
| Non-current portion of long- term loans | 23,825,849 | - |
| current portion of long- term loans | 1,227,458 | - |

The company signed a credit facility agreement under the Islamic Tawarruq system with a local bank on July 1, 2021, with a limit investments, amounting to 50 million Saudi riyals. In return for pledging 2 million shares of the company's shares Yanbu National Petrochemical (YANSAB) Until December 31, 2021, the company did not used this agreement 2021 The company did not use this agreement, the company on May 22, 2022 used 10 million Saudi riyals from the loan agreement On June 29, 2022 , it used 15 million Saudi riyals from the loan agreement, and the financing will be repaid in one installment on the due date for a period of 36 months from the date of withdrawal.

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13. Employees' end of service benefits

| | 30 June 2022 | 31 December 2021 |
|--|---------------------|------------------|
| | (unaudited) | (audited) |
| Balance beginning of the period / year | 2,375,616 | 2,201,136 |
| Charged during the period / year | 819,827 | 269,575 |
| Paid during the period / year * | (1,194,188) | (226,064) |
| Actuarial losses | - | 130,969 |
| Balance end of the period / year | 2,001,255 | 2,375,616 |

* The liquidation of the end of service during the first quarter of 2022 includes the liquidation of the end of service for the resigned CEO.

14. Revenue

| | For the three months | | For the six months | |
|--|-----------------------------|--------------|---------------------------|--------------|
| | 30 June 2022 | 30 June 2021 | 30 June 2022 | 30 June 2021 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Share of net profit of associate | 24,945,679 | 18,256,323 | 54,246,362 | 33,676,717 |
| Earned dividends | 6,037,135 | 1,014,365 | 10,941,344 | 5,218,589 |
| Profits from selling financial assets at FVTPL | 104,538 | 72,455 | 339,613 | 132,854 |
| | 31,087,352 | 19,343,143 | 65,527,319 | 39,028,160 |

15. Basic and diluted earnings / (loss) per share

The basic and diluted earnings per share of net profit for the period and total comprehensive income / (loss) for the period from operating by dividing the net profit for the period and total comprehensive income / (loss) for the period by the weighted average number of ordinary shares outstanding at the end of the year. The outstanding number of shares as at 30 June 2022 is 50 million shares (50 million shares: 30 June 2021).

There has been no item of dilution affecting the weighted average number of ordinary shares.

16. Benefits, remuneration, and compensation of the Directors and Key management personal

| | For the three months | | For the six months | |
|---|-----------------------------|--------------|---------------------------|--------------|
| | 30 June 2022 | 30 June 2021 | 30 June 2022 | 30 June 2021 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Committee members fees and meetings expenses | 444,500 | 413,500 | 898,000 | 860,000 |
| Key management personal salaries and benefits | 1,730,992 | 572,291 | 3,758,016 | 1,213,624 |
| | 2,175,492 | 985,791 | 4,656,016 | 2,073,624 |

* Part of the Key management personal salaries and benefits resulting from the liquidation of the dues of the resigned CEO were charged during the first quarter of the year 2022.

17. Proposed grant of bonus shares

On May 22, 2022, the company's board of directors recommended to the Extraordinary General Assembly to increase the capital from 500,000,000 riyals to 600,000,000 riyals by granting bonus shares (1 share for every 5 shares owned). The increase in the paid-up capital of 100,000,000 Saudi riyals will be capitalized from retained earnings.

The proposed bonus shares grant is subject on obtaining the necessary approval from the official authorities and the Extraordinary General Assembly on the capital increase and the number of bonus shares.

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18. Segment information

Segment information relates to the activities and business of the company, which the company's management has relied on as a basis for preparing its financial information, for its compatibility with internal reporting methods. Transactions between segments are carried out on the same terms as dealing with other parties.

Segment's assets, liabilities, and operating activities include items directly related to a specific segment and items that can be distributed among the different sectors on a reasonable basis. Items that cannot be allocated between segments are classified under other segments.

The following is a summary of the financial segment information in Saudi riyals as on 30 June 2022, and 30 June 2021, respectively, according to the nature of the activity:

| | 30 June 2022 (unaudited) | | | | | |
|--|----------------------------------|---|---|--|---------------------------|------------------------|
| | Petrochemical segment | Glass industry segment (Industrial investment) | Industrial services segment (Energy and utilities) | Financial services and investments seg- ment (banks and financial ser- vices) | Other segments | Total |
| Revenue | | | | | | |
| For the period six month ended 30 June 2022 | 9,808,419 | 41,464,242 | - | 14,254,658 | 2,847 | 65,530,166 |
| For the period three month ended 30 June 2022 | 4,904,209 | 20,485,926 | - | 5,697,217 | 2,847 | 31,090,199 |
| Net income / (loss) for the period | | | | | | |
| For the period six month ended 30 June 2022 | 8,517,536 | 39,583,221 | (1,475,253) | 11,847,202 | (212,862) | 58,259,844 |
| For the period three month ended 30 June 2022 | 4,234,392 | 19,509,897 | (765,483) | 4,448,029 | (109,081) | 27,317,754 |
| Total assets | | | | | | |
| As at 30 June 2022 | 165,108,387 | 240,589,157 | 188,689,970 | 307,922,086 | 27,589,977 | 929,899,577 |
| Total liabilities | | | | | | |
| As at 30 June 2022 | - | - | - | 1,758,169 | 28,477,022 | 30,235,191 |
| | | | | | | 30 Jun 2021(unaudited) |
| | Petrochemical segment | Glass industry segment (Industrial investment) | Industrial services segment (Energy and utilities) | Financial services and investments segment (banks and financial services) | Other segments | Total |
| Revenue | | | | | | |
| For the period six month ended 30 June 2021 | 4,086,841 | 22,268,338 | - | 12,672,981 | 55,309 | 39,083,469 |
| For the period three month ended 30 June 2021 | - | 14,048,370 | - | 5,294,773 | 48,330 | 19,391,473 |
| Net income / (loss) for the period | | | | | | |
| For the period three month ended 30 June 2021 | 2,705,887 | 21,329,563 | (1,097,776) | 10,946,351 | (41,834) | 33,842,191 |
| For the period three month ended 30 June 2021 | (684,940) | 13,582,747 | (544,486) | 4,438,382 | 148 | 16,791,851 |
| Total assets | | | | | | |
| As at 30 June 2021 | 237,363,740 | 161,360,329 | 188,689,970 | 296,779,814 | 16,697,314 | 900,891,167 |
| Total liabilities | | | | | | |
| As at 30 June 2021 | - | - | - | - | 5,107,074 | 5,107,074 |

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18. Segment information (continued)

The petrochemical sector represents the company's investment in Yanbu National Petrochemical (YANSAB) and the Arabian Industrial Fibers Company (Ibn Rushd), and the glass industry segment represents the company's investment in Obeikan Glass Company and AGC Obeikan Glass Company, and the Industrial Services segment represents the company's investment in the Industrialization and Energy Services Company And Alsalam Aerospace Industries Company, the services, and financial investments sector represent the company's investment in Deutsche Gulf Finance, and other financial investments and the other segments are represented in the remaining assets.

19. Significant events

On June 29, 2022, the Board of Directors approved by passing the recommendation of the Investment Committee to buy the company's shares with no more than 2,500,000 shares, 5% of the company's shares, and keep them as treasury shares. The company will finance the purchase process through its financial resources and credit facilities, provided that the recommendation is submitted to the Assembly Extraordinary general voting and accreditation.

20. Subsequent events

Management believes that there are no significant subsequent events since the end of the period that would require disclosure or adjustment to these interim condensed financial statements.

21. Approval of the interim condensed financial statements

The interim condensed financial statements for the period ended 30 June 2022 were approved on 21 August 2022 corresponding to 23 Muharram1444H.