

YANBU NATIONAL PETROCHEMICAL COMPANY (YANSAB)
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

YANBU NATIONAL PETROCHEMICAL COMPANY (YANSAB)
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Yanbu National Petrochemical Company (YANSAB) - (a Saudi Joint Stock Company) (the "Company") as at 30 June 2020, and the related interim condensed statements of income and comprehensive income, for the three-month and six-month periods ended 30 June 2020, and the related interim condensed statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as 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 Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of 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 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 are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young


Abdullah Ali AlMakrami
Certified Public Accountant
Licence No. 476

28 Dhul-Qi'dah 1441H
19 July 2020

Jeddah



Yanbu National Petrochemical Company (YANSAB) - A Saudi Joint Stock Company

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

(All amounts in Saudi Riyals ‘000 unless otherwise stated)

		30 June 2020 (Unaudited)	31 December 2019 (Audited)
	<i>Note</i>		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		11,412,269	11,848,879
Right-of-use assets	4	159,670	170,935
Intangible assets		25,066	27,291
Other non-current assets		163,268	180,599
TOTAL NON-CURRENT ASSETS		11,760,273	12,227,704
CURRENT ASSETS			
Inventories		834,187	735,943
Trade receivables		1,183,184	1,753,273
Prepayments and other current assets		137,373	166,417
Short-term investments	5	2,739,600	3,050,800
Cash and cash equivalents		523,837	136,270
TOTAL CURRENT ASSETS		5,418,181	5,842,703
TOTAL ASSETS		17,178,454	18,070,407
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6	5,625,000	5,625,000
Statutory reserve		1,687,500	1,687,500
Actuarial reserve		(35,401)	(7,994)
Retained earnings		7,300,092	8,838,306
TOTAL EQUITY		14,577,191	16,142,812
NON-CURRENT LIABILITIES			
Lease liabilities	4	129,780	154,186
Employee benefits	7	680,195	620,651
TOTAL NON-CURRENT LIABILITIES		809,975	774,837
CURRENT LIABILITIES			
Lease liabilities – current portion	4	18,848	14,058
Trade payables		520,709	457,346
Accruals and other current liabilities	8	1,067,878	555,418
Zakat payable	9	183,853	125,936
TOTAL CURRENT LIABILITIES		1,791,288	1,152,758
TOTAL LIABILITIES		2,601,263	1,927,595
TOTAL EQUITY AND LIABILITIES		17,178,454	18,070,407

The attached notes from 1 to 16 form an integral part of these interim condensed financial statements.

Yanbu National Petrochemical Company (YANSAB) - A Saudi Joint Stock Company

INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)

For the three-month and six-month periods ended 30 June 2020

(All amounts in Saudi Riyals '000 unless otherwise stated)

	<i>Note</i>	<i>Three-month period ended 30 June</i>		<i>Six-month period ended 30 June</i>	
		<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Revenue from contracts with customers		1,020,657	1,637,959	2,215,634	3,160,006
Cost of revenue		(883,535)	(1,206,351)	(1,879,256)	(2,255,910)
GROSS PROFIT		137,122	431,608	336,378	904,096
Selling and distribution expenses		(16,919)	(22,116)	(36,299)	(39,153)
General and administrative expenses		(67,297)	(80,023)	(144,805)	(156,481)
INCOME FROM MAIN OPERATIONS		52,906	329,469	155,274	708,462
Finance income		14,485	25,353	33,994	53,210
Finance costs, net		(5,375)	(7,747)	(11,942)	(13,836)
Other income, net		10,843	565	29,877	18,835
INCOME BEFORE ZAKAT		72,859	347,640	207,203	766,671
Zakat	9	(28,034)	(31,508)	(57,917)	(59,902)
NET INCOME FOR THE PERIOD		44,825	316,132	149,286	706,769
Earnings per share (EPS)					
Weighted average number of ordinary shares ('000)	10	562,500	562,500	562,500	562,500
Basic and diluted earnings per share attributable to ordinary equity holders of the Company (Saudi Riyals)	10	0.08	0.56	0.27	1.26

The attached notes from 1 to 16 form an integral part of these interim condensed financial statements.

Yanbu National Petrochemical Company (YANSAB) - A Saudi Joint Stock Company
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the three-month and six-month periods ended 30 June 2020
(All amounts in Saudi Riyals ‘000 unless otherwise stated)

		<i>Three-month period ended</i>		<i>Six-month period ended</i>	
		<i>30 June</i>		<i>30 June</i>	
	<i>Note</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Net income for the period		44,825	316,132	149,286	706,769
Other comprehensive income					
<i>Items not to be reclassified to statement of income in subsequent periods:</i>					
Re-measurement loss on defined benefit plans	7	(27,407)	(16,257)	(27,407)	(33,238)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		17,418	299,875	121,879	673,531

The attached notes from 1 to 16 form an integral part of these interim condensed financial statements.

Yanbu National Petrochemical Company (YANSAB) - A Saudi Joint Stock Company

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six-month period ended 30 June 2020

(All amounts in Saudi Riyals '000 unless otherwise stated)

	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Actuarial reserve</i>	<i>Retained earnings</i>	<i>Total</i>
Balance as at 1 January 2019	5,625,000	1,687,500	85,286	9,857,909	17,255,695
Net income for the period	-	-	-	706,769	706,769
Other comprehensive loss for the period	-	-	(33,238)	-	(33,238)
Total comprehensive income for the period	-	-	(33,238)	706,769	673,531
Dividends (note 15)	-	-	-	(2,109,375)	(2,109,375)
Balance as at 30 June 2019	<u>5,625,000</u>	<u>1,687,500</u>	<u>52,048</u>	<u>8,455,303</u>	<u>15,819,851</u>
Balance as at 1 January 2020	5,625,000	1,687,500	(7,994)	8,838,306	16,142,812
Net income for the period	-	-	-	149,286	149,286
Other comprehensive loss for the period	-	-	(27,407)	-	(27,407)
Total comprehensive income for the period	-	-	(27,407)	149,286	121,879
Dividends (note 15)	-	-	-	(1,687,500)	(1,687,500)
Balance as at 30 June 2020	<u>5,625,000</u>	<u>1,687,500</u>	<u>(35,401)</u>	<u>7,300,092</u>	<u>14,577,191</u>

The attached notes from 1 to 16 form an integral part of these interim condensed financial statements.

Yanbu National Petrochemical Company (YANSAB) - A Saudi Joint Stock Company

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2020

(All amounts in Saudi Riyals '000 unless otherwise stated)

		<i>Six-month period ended 30 June</i>	
	<i>Note</i>	<i>2020</i>	<i>2019</i>
OPERATING ACTIVITIES			
Income before zakat		207,203	766,671
<i>Adjustment to reconcile income before zakat to net cash inflow from operating activities:</i>			
Depreciation of property, plant and equipment and right-of-use assets		578,833	751,901
Amortisation of intangible assets		2,269	2,241
Reversal of provision for slow moving and obsolete inventories		(500)	-
Provision for employee benefits		27,551	24,356
Loss on disposal of property, plant and equipment		2,176	-
Finance costs		11,942	13,836
Finance income		(33,994)	(53,210)
		795,480	1,505,795
<i>Working capital adjustments:</i>			
Inventories		(97,744)	(36,806)
Trade receivables		570,089	94,057
Prepayments and other current assets		29,044	24,698
Other non-current assets		17,331	3,359
Trade payables		63,363	(139,902)
Accruals and other current liabilities		(189,041)	(59,621)
Cash from operations		1,188,522	1,391,580
Finance costs paid		(3,102)	(4,364)
Employees' benefits paid	7	(4,254)	(3,524)
Zakat paid		-	(128,795)
Net cash flows from operating activities		1,181,166	1,254,897
INVESTING ACTIVITIES			
Short-term investments made		(2,472,000)	(2,851,600)
Proceeds from maturity of short-term investments		2,783,200	3,089,988
Purchase of property, plant and equipment		(132,385)	(396,159)
Purchase of intangible assets		(44)	-
Finance income received		33,994	50,640
Net cash flows from/(used in) investing activities		212,765	(107,131)
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(20,365)	(16,305)
Dividends paid		(985,999)	(1,124,137)
Net cash flows used in financing activities		(1,006,364)	(1,140,442)
INCREASE IN CASH AND CASH EQUIVALENTS		387,567	7,324
Cash and cash equivalents at the beginning of the period		136,270	26,200
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		523,837	33,524
SUPPLEMENTARY NON-CASH INFORMATION			
Right-of-use assets and lease liabilities		-	171,107
Dividend payable	15	703,125	984,375

The attached notes from 1 to 16 form an integral part of these interim condensed financial statements.

Yanbu National Petrochemical Company (YANSAB) - A Saudi Joint Stock Company

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2020

(All amounts in Saudi Riyals '000 unless otherwise stated)

1 COMPANY INFORMATION

Yanbu National Petrochemical Company (YANSAB) (the "Company") is a Saudi Joint Stock Company registered in Yanbu, Kingdom of Saudi Arabia under Commercial Registration number 4700009432 dated 14 Muharram 1427H (corresponding to 13 February 2006) in accordance with the Ministerial Resolution No. 49 dated 12 Muharram 1427H (corresponding to 11 February 2006) for the incorporation of the Company. The Company obtained its Industrial Licence number S/1367 on 18 Rajab 1426H (corresponding to 23 August 2005) and is engaged in the manufacturing of petrochemical products in accordance with the Company's by-laws and other Saudi Arabian applicable regulations. The Company commenced commercial operations on 1 March 2010. The registered office of the Company is located at Yanbu, P.O. Box 31396, Yanbu industrial city 41912.

The interim condensed financial statements of the Company for the six-month period ended 30 June 2020 have been approved by the Board of Directors on 28 Dhul-Qi'dah 1441H (corresponding to 19 July 2020).

2 BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in Kingdom of Saudi Arabia ("KSA").

These interim condensed financial statements do not include all the information and disclosures required in full set of annual financial statements and should therefore be read in conjunction with the Company's annual financial statements for the year ended 31 December 2019. In addition, results for the interim period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020 (refer to note 2.4 below).

2.2 Basis of measurement

These interim condensed financial statements are prepared under the historical cost convention. For employee and other post-employment benefits, actuarial present value calculations are used.

2.3 Functional and presentation currency

These interim condensed financial statements are presented in Saudi Riyals (SR), which is the functional currency of the Company. All figures are rounded off to nearest thousands (SR '000) unless when otherwise indicated.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Company's interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The significant judgments made by management in applying the Company's accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2019. However, in the view of the current uncertainty due to COVID-19, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments (see also note 16).

Yanbu National Petrochemical Company (YANSAB) - A Saudi Joint Stock Company
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
For the six-month period ended 30 June 2020
(All amounts in Saudi Riyals ‘000 unless otherwise stated)

3 CHANGES TO THE COMPANY’S ACCOUNTING POLICIES

The accounting policies and methods of calculation adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed financial statements of the Company. As required by IAS 34, the nature and effect of these changes are disclosed below.

3.1 Amendments to IFRS 3: *Definition of a Business*

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed financial statements of the Company, but may impact future periods should the Company enter into any business combinations.

3.2 Amendments to IAS 1 and IAS 8: *Definition of Material*

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed financial statements of, nor is there expected to be any future impact to the Company.

4 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Set out below, are the carrying amounts of the Company’s right-of-use assets and lease liabilities and the movements during the period/year:

	<i>Six-month period ended</i> 30 June 2020		<i>Year ended</i> 31 December 2019	
	<i>Right-of-use assets</i>	<i>Lease liabilities</i>	<i>Right-of-use assets</i>	<i>Lease liabilities</i>
At the beginning of the period/year	170,935	168,244	179,331	171,789
Addition	19,619	19,619	11,179	8,807
Adjustment	(18,870)	(18,870)	-	-
Depreciation	(12,014)	-	(19,575)	-
Interest expense	-	3,438	-	10,014
Payments	-	(23,803)	-	(22,366)
At the end of the period/year	159,670	148,628	170,935	168,244

5 SHORT-TERM INVESTMENTS

Short-term investments represent Murabaha commodity placements with original maturity exceeding three month and maintained with local and foreign banks. These placements yield finance income at prevailing market rates.

6 SHARE CAPITAL

The Company’s authorized, issued and fully paid share capital is SR 5,625 million which is divided into 562.5 million shares of SR 10 par value each. The Company is 51% owned by SABIC, and 49% owned by others or publicly traded.

Yanbu National Petrochemical Company (YANSAB) - A Saudi Joint Stock Company
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
For the six-month period ended 30 June 2020
(All amounts in Saudi Riyals '000 unless otherwise stated)

7 EMPLOYEE BENEFITS

	30 June 2020	31 December 2019
Defined benefits obligation (note 7.1)	652,300	594,260
Others	27,895	26,391
	680,195	620,651

7.1 Defined benefits obligation

The following table represents the movement of the defined benefits obligation:

	Six-month period ended 30 June 2020	Year ended 31 December 2019
Defined benefits obligation at beginning of the period/year	594,260	451,054
Current service cost	26,709	42,685
Interest cost on defined benefits obligation	8,840	17,306
Actuarial loss on the obligation	27,407	93,280
Payments during the period/year	(4,254)	(6,351)
Transferred out, net	(662)	(3,714)
Defined benefits obligation at the end of the period/year	652,300	594,260

Net defined benefit expense:

	Three-month period ended 30 June		Six-month period ended 30 June	
	2020	2019	2020	2019
Current service cost	13,329	10,692	26,709	21,454
Interest cost on defined benefits obligation	4,420	4,750	8,840	9,506
Net defined benefits expense	17,749	15,442	35,549	30,960

Significant assumptions used in determining defined benefits obligation for the Company are shown below:

	30 June 2020	31 December 2019
Discount rate	2.6%	3.1%
Salary increase rate – Executives	4.5%	4.5%
Salary increase rate – Non-Executives	6.0%	6.0%
Medical inflation rate	Note (a) below	Note (a) below
Average retirement age	58	58

(a) As at 30 June 2020 and 31 December 2019: 9% per annum in 2020 decreasing to 5% per annum in 2024 and 5% per annum onwards.

Yanbu National Petrochemical Company (YANSAB) - A Saudi Joint Stock Company
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
For the six-month period ended 30 June 2020
(All amounts in Saudi Riyals ‘000 unless otherwise stated)

8 ACCRUALS AND OTHER CURRENT LIABILITIES

	<i>30 June 2020</i>	<i>31 December 2019</i>
Accrued liabilities	300,329	434,633
Amounts due to related parties	50,166	104,903
Dividend payable	717,383	15,882
	<u>1,067,878</u>	<u>555,418</u>

9 ZAKAT

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

	<i>Six-month period ended 30 June 2020</i>	<i>Year ended 31 December 2019</i>
At the beginning of the period/year	125,936	119,271
Provided during the period/year	57,917	135,460
Paid during the period/year	-	(128,795)
	<u>183,853</u>	<u>125,936</u>

The Company has filed its zakat returns with the General Authority of Zakat and Tax (“GAZT”) and received the zakat certificates up to 31 December 2019. The Company has settled the zakat dues and cleared its zakat assessments with GAZT up to the year ended 31 December 2015. The final assessments of 2016 to 2019 have not yet been raised by the GAZT.

10 EARNINGS PER SHARE

The earnings per share calculation is given below:

	<i>Three-month period ended 30 June</i>		<i>Six-month period ended 30 June</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Net income for the period (SR ‘000)	44,825	316,132	149,286	706,769
Weighted average number of ordinary shares (‘000)	562,500	562,500	562,500	562,500
Earnings per share (Saudi Riyals) – Basic and diluted	0.08	0.56	0.27	1.26

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

11 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 by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers among the levels during the period.

The management assessed that the fair value of cash and cash equivalents, short-term investments, trade and other receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Yanbu National Petrochemical Company (YANSAB) - A Saudi Joint Stock Company

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

For the six-month period ended 30 June 2020

(All amounts in Saudi Riyals '000 unless otherwise stated)

12 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management. Following is the list of related party transactions and balances of the Company:

Related party	Nature of transactions	Transactions				Balance as at	
		Three-month period ended		Six-month period ended		30 June 2020	31 December 2019
		30 June 2020	30 June 2019	30 June 2020	30 June 2019		
a) Amounts due from related parties							
Saudi Basic Industries Corporation (SABIC) – (Parent)	Sale of products	1,020,657	1,637,959	2,215,634	3,160,006	1,180,411	1,739,869
	Advances for purchase of materials, product sales and other transactions	30,600	5,849	33,177	33,164	98,361	65,184
	Long term advance for logistics	-	-	-	-	7,500	7,500
Other affiliates	Exchange of products	9,637	71	21,801	2,171	5,207	11,286
	Others	-	5,167	-	5,167	1,579	4,845
		1,060,894	1,649,046	2,270,612	3,200,508	1,293,058	1,828,684
b) Amounts due to related parties							
Saudi Basic Industries Corporation (SABIC) – (Parent)	Payments on behalf of the Company and other services rendered by the Parent	952,306	608,314	1,413,960	1,068,226	392,214	282,015
	Research and technology fees	23,937	26,553	52,893	63,200	23,937	69,270
Saudi Aramco – (Ultimate Parent) and its subsidiaries (from 16 June 2020)	Procurement of feedstock and others	66,786	-	66,786	-	267,380	-
Arabian Industrial Fibers Company (IBN RUSHD) (an affiliate)	Propane Tolling Agreement	19,604	70,071	45,425	126,354	19,604	91,754
Other affiliates	Storage services and others	10,099	25,160	10,979	42,129	899	26,486
		1,072,732	730,098	1,590,043	1,299,909	704,034	469,525

Yanbu National Petrochemical Company (YANSAB) - A Saudi Joint Stock Company
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
For the six-month period ended 30 June 2020
(All amounts in Saudi Riyals '000 unless otherwise stated)

12 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Key management compensation

Compensation for key management is as follows:

	<i>Three-month period ended 30 June</i>		<i>Six-month period ended 30 June</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Salaries and other benefits	1,301	1,067	3,978	3,610
Post-employment benefits	804	229	1,011	412
	2,105	1,296	4,989	4,022

Significant transactions with related parties were as follows:

- The Company has a service level agreement with SABIC (Shared Services Organization – SSO) for the provision of accounting, warehousing, human resources, information technology (ERP/SAP), transporting and arranging for delivery of materials related to the Company's spare parts, engineering, procurement and related services and other general services to the Company. The Company has also logistic service agreement with SABIC.
- Advances to SABIC represent the amounts paid by the Company according to shared service agreement to finance the purchase of the Company's materials and services.
- Almost all the Company's products are sold to SABIC ("the Marketer") under marketing and off-take agreements.

Terms and conditions of transactions with related parties

Outstanding balances at the period ended 30 June 2020 are unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 30 June 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related parties and the market in which the related party operates.

13 SEGMENT INFORMATION

The Company's President and Board of Directors monitor the results of the Company's operations for the purpose of making decisions about resource allocation and performance assessment. They are collectively the chief operating decision makers (CODM) for the Company. The CODM review the results of the Company as a whole, as they believe that decision making cannot be done effectively in isolation for single products of the Company due to complex nature of the business, integrated facility where multiple products including downstream product movement are simultaneous and the nature of the products market. Hence, the whole Company is treated as a single operating segment, the results and financial position of which has been presented already.

The key evaluation criteria for segment performance is the net profit and this is evaluated and measured consistently throughout the accounting period. The non-current assets of the Company are based in Kingdom of Saudi Arabia and petrochemical products sales by the Company are made primarily to its parent company which is also based in Kingdom of Saudi Arabia.

14 COMMITMENTS AND CONTINGENCIES

As at 30 June 2020, the Company has commitments of SR 432 million (31 December 2019: SR 339 million) relating to capital expenditures.

The Company's bankers have issued, on its behalf, bank guarantees amounting to SR 0.37 million in the normal course of business as at 30 June 2020 (31 December 2019: SR 0.5 million).

15 APPROPRIATION OF NET INCOME

On 15 March 2020, the General Assembly approved a distribution of cash dividend amounting SR 984.37 million (SR 1.75 per share) for the second half of the year 2019 which represents 17.5% of the nominal value of the shares. The total dividends for the year ended 31 December 2019 was SR 1,968.74 million (SR 3.50 per share).

On 11 May 2020, the Board of Directors announced the distribution of SR 703.13 million as cash dividends (SR 1.25 per share) for the first half of the year 2020 which represents 12.5% of the nominal value of the shares. Dividend is payable at the reporting date and is included under accruals and other current liabilities. The date of eligibility for this dividend distribution will be to shareholders listed on the Tadawul (Saudi Stock Exchange) by the end of trading on 9 July 2020.

16 IMPACT OF COVID-19

The outbreak of novel coronavirus ("COVID-19") since early 2020, its spread across mainland China and then globally caused disruptions to businesses and economic activity globally including the Kingdom of Saudi Arabia and the declaration of this pandemic by the World Health Organization necessitated the Company's management to revisit its significant judgments in applying the Company's accounting policies and the methods of computation and the key sources of estimation applied to the annual financial statements for the year ended 31 December 2019.

Whilst it is challenging now, to predict the full extent and duration of its business and economic impact, the Company's management carried out an impact assessment on the overall Company's operations and business aspects including factors like supply chain, travel restrictions, oil prices, product demand, etc. and concluded that, as of the issuance date of these interim condensed financial statements, no significant changes are required to the judgements and key estimates. However, in the view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.