

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020
AND REPORT ON REVIEW OF CONDENSED INTERIM
FINANCIAL STATEMENTS

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

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Independent Auditors' Report

Review of Interim Financial Statements to the Shareholders of Rabigh Refining and Petrochemical Company

Introduction

We have reviewed the accompanying March 31, 2020 condensed interim financial statements of Rabigh Refining and Petrochemical Company ("the Company") which comprises:

- the condensed statement of profit or loss for the three month period ended March 31, 2020;
- the condensed statement of comprehensive income for the three month period ended March 31, 2020;
- the condensed statement of financial position as at March 31, 2020;
- the condensed statement of changes in equity for the three month period ended March 31, 2020;
- the condensed statement of cash flows for the three month period ended March 31, 2020; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. 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 Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying March 31, 2020 condensed interim financial statements of **Rabigh Refining and Petrochemical Company** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

For KPMG Al Fozan & Partners
Certified Public Accountants

Ebrahim Oboud Baeshen
License No. 382



Jeddah, Ramadan 4, 1441H
Corresponding to April 27, 2020

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Notes	Three-month period ended March 31,	
		2020	2019
Sales	4	4,061,632	8,428,017
Cost of sales		(5,447,127)	(7,610,336)
Gross (loss) profit		(1,385,495)	817,681
Other income, net		13,079	17,500
Selling and marketing expenses		(120,627)	(125,614)
General and administrative expenses		(208,429)	(231,279)
Operating (loss) profit		(1,701,472)	478,288
Financial charges		(403,512)	(223,172)
Financial income		52,960	69,404
(Loss) profit before Zakat and Tax		(2,052,024)	324,520
Zakat	11	(2,915)	(15,849)
Tax	11	258,109	(51,827)
(Loss) profit after Zakat and Tax		(1,796,830)	256,844
(Loss) earnings per share (Saudi Riyals) - Basic and diluted	5	(2.05)	0.29

The accompanying notes 1 to 15 form an integral part of these condensed interim financial statements.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Three-month period ended	
	March 31,	
	2020	2019
(Loss) profit after Zakat and Tax	(1,796,830)	256,844
Remeasurement loss on defined benefit plan	-	-
Items that will not be reclassified to statement of profit or loss in subsequent periods	-	-
Total comprehensive (loss) income for the period	(1,796,830)	256,844

The accompanying notes 1 to 15 form an integral part of these condensed interim financial statements.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(All amounts in thousands of Saudi Riyals unless otherwise stated)

		March 31,	December 31,
	Notes	2020	2019
		(Unaudited)	(Audited)
Assets			
Non-current assets			
Property, plant and equipment	6	46,481,464	46,110,807
Right-of-use assets	7	11,881,853	12,039,098
Intangible assets		475,049	494,307
Long-term loans	8	3,337,737	3,449,675
Investment	8	16,412	16,412
Deferred tax asset		657,195	399,086
		62,849,710	62,509,385
Current assets			
Inventories		2,597,160	3,406,225
Trade receivables	8	2,628,403	5,364,086
Current portion of long-term loans	8	458,985	450,318
Prepayments and other receivables		955,023	1,983,548
Cash and cash equivalents		210,501	316,086
		6,850,072	11,520,263
Total assets		69,699,782	74,029,648
Equity and liabilities			
Equity			
Share capital	9	8,760,000	8,760,000
Statutory reserve	10	252,134	252,134
Employees' share ownership plan		(4,729)	(4,813)
(Accumulated loss) Retained earnings		(762,744)	1,034,086
Total equity		8,244,661	10,041,407
Non-current liabilities			
Loans, borrowings and other long-term liability	8	22,897,045	23,638,023
Lease liabilities	7	11,630,384	11,750,600
Employees' benefits		676,480	653,504
		35,203,909	36,042,127
Current liabilities			
Current maturity of loans and borrowings	8	18,106,607	16,816,897
Current maturity of lease liabilities	7	561,745	555,352
Trade and other payables	8	7,168,034	9,401,638
Accrued expenses and other liabilities		414,826	1,157,008
Zakat and Tax payable		-	15,219
		26,251,212	27,946,114
Total liabilities		61,455,121	63,988,241
Total equity and liabilities		69,699,782	74,029,648

The accompanying notes 1 to 15 form an integral part of these condensed interim financial statements.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Employees' share ownership plan	(Accumulated loss) Retained earnings	Total
Balance as at January 1, 2020 (Audited)	8,760,000	252,134	(4,813)	1,034,086	10,041,407
Net loss after Zakat and Tax	-	-	-	(1,796,830)	(1,796,830)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss	-	-	-	(1,796,830)	(1,796,830)
Vesting of shares under employees' share ownership plan	-	-	84	-	84
Balance as at March 31, 2020 (Unaudited)	8,760,000	252,134	(4,729)	(762,744)	8,244,661
Balance as at January 1, 2019 (Audited)	8,760,000	249,465	(6,241)	1,538,796	10,542,020
Net profit after Zakat and Tax	-	-	-	256,844	256,844
Other comprehensive loss	-	-	-	-	-
Total comprehensive income	-	-	-	256,844	256,844
Vesting of shares under employees' share ownership plan	-	-	1,226	-	1,226
Tax reimbursements	-	-	-	52,991	52,991
Balance as at March 31, 2019 (Unaudited)	8,760,000	249,465	(5,015)	1,848,631	10,853,081

The accompanying notes 1 to 15 form an integral part of these condensed interim financial statements.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Notes	Three-month period ended March 31,	
		2020	2019
Cash flows from operating activities			
(Loss) profit before Zakat and Tax		(2,052,024)	324,520
<u>Adjustments for non-cash items</u>			
Depreciation		710,271	560,445
Financial charges		403,512	223,172
Financial income		(52,960)	(69,404)
Amortization		19,258	3,113
Provision for slow moving inventories		3,635	1,147
Loss on disposal of property, plant and equipment		-	65
Loss on derecognition of right-of-use assets and lease liabilities		4	-
		(968,304)	1,043,058
<u>Changes in working capital</u>			
Inventories		805,431	(263,704)
Trade receivables		2,735,684	(347,792)
Prepayments and other receivables		1,028,524	715,516
Trade and other payables		(2,108,580)	64,953
Accrued expenses and other liabilities		(798,104)	(754,685)
Employees' benefits		23,059	17,927
		717,710	475,273
Zakat paid		(18,135)	-
Interest received		34,676	41,273
Interest paid		(119,954)	(112,281)
Net cash generated from operating activities		614,297	404,265
Cash flows from investing activities			
Purchase of property, plant and equipment		(845,635)	(666,587)
Disbursements of long-term loan		(375)	(13,983)
Net movement in time deposits		-	(240,000)
Net cash used in investing activities		(846,010)	(920,570)
Cash flows from financing activities			
Proceeds from loans and borrowings		2,183,542	1,318,750
Repayments of loans and borrowings		(1,912,756)	(1,168,750)
Other net movement in loans, borrowings and other long-term liability		(8,706)	270,167
Repayment of lease liabilities		(135,952)	(137,168)
Dividend paid		-	(64)
Net cash from financing activities		126,128	282,935
Net decrease in cash and cash equivalents		(105,585)	(233,370)
Cash and cash equivalents at beginning of the period		316,086	1,263,713
Cash and cash equivalents at end of the period		210,501	1,030,343
Supplemental schedule of non-cash information			
Income tax reimbursable from shareholders		-	52,991
Addition to property, plant and equipment through accrued expenses and other liabilities		55,922	98,327
Long-term loan repayments settled against capacity payments	8.1.1	106,741	99,065
Addition to right-to-use assets	7.1	23,488	12,357,463

The accompanying notes 1 to 15 form an integral part of these condensed interim financial statements.

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three-month period ended March 31, 2020 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

1 General information

Rabigh Refining and Petrochemical Company ("the Company" or "PetroRabigh") is a company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4602002161 issued by the Ministry of Commerce and Investment, Jeddah, on Shaaban 15, 1426H (September 19, 2005) subsequently revised by Ministry of Commerce and Investment, Riyadh on Shawal 22, 1428H (November 3, 2007).

The Company is engaged in the development, construction and operation of an integrated refining and petrochemical complex ("the Complex"), including the manufacturing and sales of refined and petrochemical products.

The Company's registered address is P.O. Box 101, Rabigh 21911, Kingdom of Saudi Arabia.

2 Basis of preparation

These condensed interim financial statements of the Company have been prepared in compliance with IAS 34 "Interim Financial Reporting" as endorsed by Saudi Organization for Certified Public Accountants (SOCPA) in the Kingdom of Saudi Arabia as well as other standards and pronouncements issued by SOCPA.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2019. However, selected explanatory notes are included to explain the events and transactions that are significant to an understanding of changes in the Company's financial position and performance since the last annual financial statements.

2.1 New standards, interpretations and amendments

Standards, interpretations and amendments issued but not yet effective

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the condensed interim financial statements are disclosed below. The Company intends to adopt these standards, where applicable, when they become effective.

Standard / Interpretation	Description	Effective from periods beginning on or after the following date
IFRS 17	Insurance contracts	January 1, 2021
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	January 1, 2022
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

The Company is currently assessing the implications of adopting the above-mentioned standards, amendments or interpretations on the Company's financial statements on adoption.

2.2 Critical accounting estimates and judgments

The preparation of Company's condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of revenues, expenses, assets, liabilities and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Company based its assumptions and estimates on parameters available when the condensed interim financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Also see Note 13.

The significant judgments exercised in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements for the year ended December 31, 2019.

Going concern

As at March 31, 2020, the Company's current liabilities exceed the current assets by Saudi Riyals 19,401 million, primarily due to the equity bridge loan amounting to Saudi Riyals 11,250 million falling due on July 1, 2020, backed by the founding shareholders' guarantees as provided to the lenders. Furthermore, discussions regarding the repayment or extension are already in progress in respect of equity bridge loan.

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2 Basis of preparation (continued)

The Board of Directors of the Company has assessed the ability of the Company to continue as a going concern as described above including operating plans and cashflow projections and are not aware of any material uncertainties that may cast significant doubt and is satisfied that it has the resources to continue in business for the foreseeable future. Therefore, the interim condensed financial statements of the Company continue to be prepared on going concern basis.

3 Significant accounting policies

The accounting policies used by the Company for the preparation of these condensed interim financial statements are consistent with those followed in preparation of the Company's annual financial statements for the year ended December 31, 2019.

4 Segment information

4.1 Operating segment

The Company operates an integrated refinery and petrochemical complex. The primary format for segment reporting is based on operating segments and is determined on the basis of management's internal reporting structure. The Management Committee (collectively considered to be the Chief Operating Decision Maker) monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. The Company's segment profit measure is operating profit (loss).

The Company's operating segments comprise of refined products and petrochemicals. Information as of and for the three-month period is summarized below:

March 31, 2020 (Unaudited)	Refined products	Petrochemicals	Total
Sales – external customers	2,632,327	1,429,305	4,061,632
Depreciation and amortization	160,634	568,895	729,529
Operating (loss)	(995,984)	(705,488)	(1,701,472)

March 31, 2019 (Unaudited)	Refined products	Petrochemicals	Total
Sales – external customers	6,512,693	1,915,324	8,428,017
Depreciation and amortization	140,890	422,668	563,558
Operating profit	1,738	476,550	478,288

March 31, 2020 (Unaudited)	Refined products	Petrochemicals	Unallocated	Total
Total assets	20,217,599	48,421,619	1,060,564	69,699,782
Total liabilities	13,624,411	46,266,218	1,564,492	61,455,121
Capital expenditure	324,152	577,405	-	901,557

December 31, 2019 (Audited)	Refined products	Petrochemicals	Unallocated	Total
Total assets	23,160,458	49,961,151	908,039	74,029,648
Total liabilities	17,379,094	45,300,223	1,308,924	63,988,241
Capital expenditure	606,719	3,341,906	-	3,948,625

The Company's revenue from external customers involve Saudi Riyals 4,023 million (March 31, 2019: Saudi Riyals 8,354 million) of revenue generated from 5 customers in the period ended March 31, 2020 (March 31, 2019: 3 customers).

Geographical information for the three-month period ended March 31, is as follows:

2020 (Unaudited)	Middle East	Asia Pacific	Others	Total
Sales				
Refined products	2,632,327	-	-	2,632,327
Petrochemicals	126,098	1,288,036	15,171	1,429,305
Total	2,758,425	1,288,036	15,171	4,061,632

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
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(All amounts in Saudi Riyals thousands unless otherwise stated)

4 Segment information (continued)

2019 (Unaudited)	Middle East	Asia Pacific	Others	Total
Sales				
Refined products	6,512,693	-	-	6,512,693
Petrochemicals	760,004	1,138,345	16,975	1,915,324
Total	7,272,697	1,138,345	16,975	8,428,017

Middle East market primarily includes Kingdom of Saudi Arabia whereas Asia Pacific primarily includes Singapore and China.

4.2 Adjustments

Financial charges, financial income, Zakat and Tax, cash and cash equivalents, time deposits and certain assets and liabilities are not allocated to operating segments as they are managed on a Company-wide basis.

Capital expenditure consists of additions to property, plant and equipment and intangible assets.

4.3 Reconciliation of (loss) profit

	2020	2019
	(Unaudited)	(Unaudited)
Operating (loss) profit	(1,701,472)	478,288
Financial charges	(403,512)	(223,172)
Financial income	52,960	69,404
(Loss) profit before Zakat and Tax	(2,052,024)	324,520
Zakat	(2,915)	(15,849)
Tax	258,109	(51,827)
(Loss) profit after Zakat and Tax	(1,796,830)	256,844

5 (Loss) earnings per share

Basic (loss) earnings per share is calculated by dividing the (loss) profit for the period by the weighted average number of ordinary shares outstanding during the period.

Diluted (loss) earnings per share is calculated by dividing the net profit by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2020	2019
	(Unaudited)	(Unaudited)
(Loss) profit for the period for basic and dilutive earnings per share	(1,796,830)	256,844
Weighted average number of shares outstanding during the period (thousands)	876,000	876,000
Adjustment for the effect of dilution in weighted average number of shares outstanding during the period due to ESOP (thousands)	223	237
Basic and diluted (loss) earnings per share	(2.05)	0.29

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6 Property, plant and equipment

	Buildings and infrastructure	Plant, machinery and operating equipment	Vehicles and related equipment	Furniture and IT equipment	Capital projects-in-progress	Total
Cost						
January 1, 2020	10,712,035	54,296,357	43,367	561,296	2,509,072	68,122,127
Additions (Note 6.1)	-	220,919	-	-	680,638	901,557
Transfers	26,397	115,635	-	10,617	(152,649)	-
Disposals	-	(5,278)	-	-	-	(5,278)
March 31, 2020	10,738,432	54,627,633	43,367	571,913	3,037,061	69,018,406
Accumulated depreciation						
January 1, 2020	2,607,362	19,131,655	36,324	235,979	-	22,011,320
Charge for the period	60,708	459,436	259	10,497	-	530,900
Released on disposals	-	(5,278)	-	-	-	(5,278)
March 31, 2020	2,668,070	19,585,813	36,583	246,476	-	22,536,942
Carrying Value						
At March 31, 2020 (Unaudited)	8,070,362	35,041,820	6,784	325,437	3,037,061	46,481,464
At December 31, 2019 (Audited)	8,104,673	35,164,702	7,043	325,317	2,509,072	46,110,807

6.1 Planned periodic maintenance

During the three-month period ended March 31, 2020, the Company has commenced the planned periodic maintenance activity for its operational facilities and production plants. This planned periodic maintenance activity requires shutdown of all operational facilities and production plants which commenced from March 1, 2020 and is expected to complete by the end of April 2020. As at March 31, 2020, Capital projects-in-progress above includes an amount of Saudi Riyals 542.3 million incurred till date on such planned periodic maintenance activity.

7 Leases

7.1 Right-of-use assets

	Land, buildings and infrastructure	Plant and machinery	Vehicles	Total
Cost				
January 1, 2020	1,234,445	11,660,838	86,222	12,981,505
Additions	-	-	23,488	23,488
Derecognition	-	-	(3,747)	(3,747)
March 31, 2020	1,234,445	11,660,838	105,963	13,001,246
Accumulated depreciation				
January 1, 2020	197,880	716,908	27,619	942,407
Charge for the period	8,758	163,245	7,368	179,371
Released on derecognition	-	-	(2,385)	(2,385)
March 31, 2020	206,638	880,153	32,602	1,119,393
Carrying value				
At March 31, 2020 (Unaudited)	1,027,807	10,780,685	73,361	11,881,853
At December 31, 2019 (Audited)	1,036,565	10,943,930	58,603	12,039,098

RABIGH REFINING AND PETROCHEMICAL COMPANY
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For the three-month period ended March 31, 2020 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

7 Leases (continued)

7.2 Lease liabilities

Lease liabilities at March 31, 2020 are as follows:

	March 31, 2020		December 31, 2019	
	Minimum lease payments	Interest	Present value of minimum lease payments	Present value of minimum lease payments
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Land, buildings and infrastructure	2,777,317	1,652,670	1,124,647	1,128,587
Plant and machinery	14,536,630	3,543,854	10,992,776	11,117,614
Vehicles	79,867	5,161	74,706	59,751
	17,393,814	5,201,685	12,192,129	12,305,952

At March 31, 2020, the lease liabilities are presented in the condensed interim statement of financial position as follows:

	March 31, 2020	December 31, 2019
	(Unaudited)	(Audited)
Current portion	561,745	555,352
Non-current portion	11,630,384	11,750,600
	12,192,129	12,305,952

The minimum lease payments together with the present value of minimum lease payments as of March 31, 2020 are as follows:

	March 31, 2020		December 31, 2019	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Within twelve months	970,142	561,745	969,018	555,352
One to five years	3,820,588	2,369,488	3,826,524	2,340,082
More than five years	12,603,084	9,260,896	12,812,840	9,410,518
Total minimum lease payments	17,393,814	12,192,129	17,608,382	12,305,952
Less: finance charges	(5,201,685)	-	(5,302,430)	-
Present value of minimum lease payments	12,192,129	12,192,129	12,305,952	12,305,952

7.3 During the period ended March 31, 2020, the Company's expenses relating to short-term leases and low value assets are Saudi Riyals 122 thousands and Saudi Riyals 738 thousands respectively.

8 Financial assets and financial liabilities

8.1 Financial assets measured at amortized cost

Long-term loans:		March 31, 2020	December 31, 2019
	Notes	(Unaudited)	(Audited)
Loan to RAWEC	8.1.1	3,548,543	3,655,284
Loans to employees	8.1.2	248,179	244,709
Long-term loans		3,796,722	3,899,993
Less: current portion of long-term loans		(458,985)	(450,318)
Non-current portion of long-term loans		3,337,737	3,449,675
Trade receivables	8.1.3	2,628,403	5,364,086

RABIGH REFINING AND PETROCHEMICAL COMPANY
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(All amounts in Saudi Riyals thousands unless otherwise stated)

8 Financial assets and financial liabilities (continued)

8.1.1 The Company has entered into various agreements namely Water and Energy Conversion Agreement (WECA), Facility Agreement and RAWEC Shareholders' Agreement (the "Agreements"), dated August 7, 2005 as amended on October 31, 2011, with RAWEC to develop a plant, on build, own and operate basis, to supply desalinated water, steam and power to the Company. Pursuant to these agreements, the Company provided a loan to RAWEC amounting to Saudi Riyals 3.9 billion carrying interest rate of 5.76% per annum. The loan is being settled in monthly repayments, which commenced from June 30, 2008 and will run upto November 30, 2023.

During the year ended December 31, 2015, pursuant to Amended and Restated Agreement, dated March 28, 2006 as amended subsequently on March 9, 2015, the Company provided RAWEC a portion of project finance, in the total amount of Saudi Riyals 3.3 billion carrying interest rate of 5.7% per annum to expand the existing independent water, steam and power facilities to meet the requirements of Phase II Expansion Project. The loan is being settled in monthly repayments, which commenced from July 31, 2016 and will run upto June 30, 2031. These loans are secured by the assets of RAWEC.

The loan is settled by offsetting against monthly utilities payments to RAWEC. During the period ended March 31, 2020, loan amounting to Saudi Riyals 107 million (March 31, 2019: Saudi Riyals 99.9 million) have been offset against monthly utility payments to RAWEC amounting to Saudi Riyals 292.3 million (March 31, 2019: Saudi Riyals 296.1 million).

8.1.2 The Company's eligible employees are provided with loans under an employees' home ownership program. The cost of the land is advanced to employees free of interest cost provided the employee serves the Company for a minimum period of four years while the construction cost of the house is amortized and repayable free of interest to the Company to the extent of 90% over a period of seventeen years. The remaining 10% is amortized over the term of the loan (seventeen years). These loans are secured by mortgages on the related housing units. Ownership of the housing unit is transferred to the employee upon full payment of the loan.

8.1.3 Trade receivables of the Company are as follows:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Trade	32,303	31,138
Less: provision for doubtful debts	(28,410)	(28,410)
	3,893	2,728
Related parties	2,624,510	5,361,358
	2,628,403	5,364,086

Following is the ageing matrix used by the Company for analysis of trade receivables:

	Total	Neither past due nor impaired	Past due but not impaired					More than 24 months impaired
			Less than 6 months	6 to 12 months	12 to 18 months	18 to 24 months	More than 24 months	
Balance	2,656,813	1,365,996	1,252,920	6,610	912	-	1,965	28,410
Less: Loss allowance	(28,410)	-	-	-	-	-	-	(28,410)
March 31, 2020 (Unaudited)	2,628,403	1,365,996	1,252,920	6,610	912	-	1,965	-
December 31, 2019 (Audited)	5,364,086	4,952,175	403,011	6,527	442	-	1,931	-

Financial assets also include cash and cash equivalents, time deposits and other receivables that are measured at amortized cost.

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8 Financial assets and financial liabilities (continued)

8.2 Financial assets measured at fair value through profit and loss

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Investment in RAWEC	16,412	16,412

The Company holds 1% shares in the capital of RAWEC, a Saudi limited liability company.

The above valuation is carried at Level 3 fair valuation as the management has determined that carrying value of the investment approximates the fair value.

8.3 Financial liabilities measured at amortized cost

Loans, borrowings and other long-term liability

		March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Loans from banks and financial institutions:			
Opening balance		34,672,840	35,113,716
Additions		2,419,296	16,647,888
Repayments		(1,912,756)	(17,088,764)
Closing balance	8.3.1	35,179,380	34,672,840
Less: current portion		(18,106,607)	(16,816,897)
Non-current portion		17,072,773	17,855,943
Loans from founding shareholders	8.3.3	5,792,240	5,751,130
Other long-term liability	8.3.4	32,032	30,950
Total non-current portion		22,897,045	23,638,023
Trade and other payables	8.3.5	7,168,034	9,401,638

8.3.1 Loans from banks and financial institutions

The Company entered into Consortium Loan Agreements with commercial banks and financial institutions for development, design, and construction of integrated refining and petrochemical complex. The facilities available under these Consortium Loan Agreements have been utilized in full by July 2008. The loan is repayable in semi-annual instalments from June 2011 to December 2021.

During the year ended December 31, 2015, the Company further entered into Consortium Loan Agreements with commercial banks and financial institutions for Phase II Expansion Project. The facilities available under these loan agreements amount to Saudi Riyals 30,630 million which have been utilized in full by the Company. The loan amounting to Saudi Riyals 19,380 million are repayable in semi-annual instalments from June 2019 to June 2031, whereas the loan amounting to Saudi Riyals 11,250 million has maturity of July 1, 2020.

The aforementioned loans are denominated in US Dollar and Saudi Riyal and bear financial charges based on prevailing market rates. The loan agreements include financial and operational covenants which among other things; require certain financial ratios to be maintained. The loans are secured by property, plant and equipment, cash and cash equivalents and time deposits of the Company with a carrying value of Saudi Riyals 46,481 million and Saudi Riyals 211 million, respectively.

During the year ended December 31, 2015, the Company entered into a working capital facility of Saudi Riyals 1,875 million with a local commercial bank on prevailing market rates. During the period ended March 31, 2020, drawdowns and repayments amounting to Saudi Riyals 1,922 million and Saudi Riyals 1,913 million, respectively have been made by the Company with a closing balance of Saudi Riyals 1,302 million as at the statement of financial position date (December 31, 2019: Saudi Riyals 1,293 million).

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8 Financial assets and financial liabilities (continued)

8.3.2 Loan from Saudi Industrial Development Fund (SIDF)

During the three-month period ended December 31, 2019, the Company entered into a loan agreement with SIDF to replace a portion of the loans for Phase II Expansion Project (also see Note 8.3.1). The facility available under this loan agreement amounts to Saudi Riyals 3,600 million and is unutilized as at March 31, 2020. The loan is repayable in unequal semi-annual instalments commencing from Rabi Aakhir 1443H corresponding to November 2021 to Shawwal 1453H corresponding to January 2032. Upfront fees amounting to Saudi Riyals 288 million will be deducted at the time of receipt of the loan and will be amortised over the loan term. The loan also bears a follow up fee to be paid on semi-annual basis. The loan has certain covenants which among other things requires certain financial ratios to be maintained. The loan facility is secured by a mortgage on the property, plant and equipment of the Company amounting to Saudi Riyals 7,200 million.

8.3.3 Loans from founding shareholders

	March 31, 2020	December 31, 2019
	(Unaudited)	(Audited)
Loans:		
Saudi Aramco	2,287,500	2,287,500
Sumitomo Chemical	2,287,500	2,287,500
Accumulated interest:		
Saudi Aramco	608,620	588,065
Sumitomo Chemical	608,620	588,065
	5,792,240	5,751,130

Loans from the founding shareholders are availed as part of the Credit Facility Agreement and bear financial charges. Repayment shall be made on demand on achieving the conditions set by the financial institutions under the Inter-creditor Agreement. The loan is secured by promissory note issued by the Company in favour of each shareholder equivalent to drawdowns.

8.3.4 Other long-term liability

Other long-term liability represents withholding tax on accumulated interest on loan from Sumitomo Chemical (see Note 8.3.3) in accordance with Saudi Arabian Income Tax Law.

8.3.5 Trade and other payables

	March 31, 2020	December 31, 2019
	(Unaudited)	(Audited)
Trade payables:		
- Related parties	5,881,245	8,249,720
- Others	1,195,926	1,076,664
	7,077,171	9,326,384
Other payables – related parties (see below)	90,863	75,254
	7,168,034	9,401,638

Other payables principally relate to payments made by founding shareholders on behalf of the Company in respect of seconded employees and other charges.

9 Share capital

The Company's authorised and issued share capital of Saudi Riyals 8.76 billion at March 31, 2020 and December 31, 2019 consists of 876 million fully paid shares of Saudi Riyals 10 each. The founding shareholders of the Company are Saudi Arabian Oil Company (Saudi Aramco) and Sumitomo Chemical Company Limited (Sumitomo Chemical) and each of them hold 37.5% of the shares.

10 Statutory reserve

In accordance with the Regulation for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer each year at least 10% of its net income, after absorbing accumulated deficit, to a statutory reserve until such reserve equal 50% of its share capital. This reserve is not available for distribution to shareholders.

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11 Zakat and Tax

11.1 Charge (income) in the period

Zakat and Tax for the three-month period ended March 31 is as follows:

	2020	2019
	(Unaudited)	(Unaudited)
Zakat for the period	2,915	15,849
Income tax for the period	-	52,992
Deferred tax income for the period	(258,109)	(1,165)
	(255,194)	67,676

Income tax and deferred tax income has been recognised as follows:

	2020	2019
	(Unaudited)	(Unaudited)
Condensed interim statement of profit or loss:		
- Income tax	-	52,992
- Deferred tax income	(258,109)	(1,165)
	(258,109)	51,827

11.2 Status of assessments

The Company has filed its Zakat and income tax returns with General Authority for Zakat and Tax ("GAZT") up to the financial year 2019. The Company's Zakat and tax assessments have been finalized by GAZT up to the financial year 2008 and for the years 2011 up to 2016. The GAZT has requested certain information in respect of the returns filed for the years 2017 and 2018 which the Company is in the process of submission.

The GAZT had issued assessments for the years 2009 and 2010 by raising additional Zakat and tax demand of Saudi Riyals 43.3 million and Saudi Riyals 0.2 million, respectively. The Company had filed an appeal with the Higher Appeal Committee for the years 2009 and 2010, now replaced by Tax Violation and Dispute Appellate Committee (TAC) and submitted a bank guarantee amounting to Saudi Riyals 43.5 million. The Company submitted its appeal to the General Secretariat of Tax Committees (GSTC), which is the body organized by the GAZT's board of directors in order to facilitate hearing for the newly formed Committees. The GSTC has requested certain information from the Company in order to facilitate a hearing at the newly formed TAC. The Company has duly submitted the information to GSTC. The management expects a favorable outcome of the objection against the additional demand. If any additional Zakat and tax demand arises on finalization of the assessment, it is recoverable to the extent of Saudi Riyals 26 million from one of the founding shareholders of the Company.

12 Related parties transactions and balances

Related parties comprise of founding shareholders of the Company being Saudi Aramco and Sumitomo Chemical, their subsidiaries and associates and other companies with common directorship with significant influence on other companies and key management personnel.

12.1 Transactions with related parties

Transactions with related parties arise mainly from purchases, sales of refined and petrochemical products, credit facilities, secondments and various lease arrangements and are undertaken at approved contractual terms. Significant related party transactions for the three-month period ended March 31, are summarized as follows:

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12 Related parties transactions and balances (continued)

	2020	2019
	(Unaudited)	(Unaudited)
Saudi Aramco and its associated companies		
Purchase of goods including LPG shortfall	3,672,625	8,594,263
Sale of refined products and petrochemical products	3,333,634	8,513,359
Financial charges	35,296	39,762
Rentals	5,118	714
Secondees' costs	11,709	12,411
Service and other cost charges, net	14,096	19,446
Sumitomo Chemical and its associated companies		
Purchase of goods	35,133	58,825
Sale of petrochemical products	688,930	1,627,284
Financial charges	20,664	25,997
Rentals	68	66
Secondees' costs	7,774	29,359
Service and other cost charges, net	5,549	22,707

12.2 Balances with related parties

In addition to Trade receivables (see Note 8.1.3), loans from founding shareholders (see Note 8.3.3) and Trade and other payables (see Note 8.3.5), the related party transactions result in receivable and payable balances as set out in the interim statement of financial position in non-trade receivables and accrued expenses and other liabilities amounting to Saudi Riyals 148.8 million (December 31, 2019: Saudi Riyals 347.8 million) and Saudi Riyals 229.7 million (December 31, 2019: Saudi Riyals 198.2 million), respectively.

12.3 Transactions with key management personnel

Transactions with key management personnel on account of short-term benefits amounted to Saudi Riyals 5.6 million (March 31, 2019: Saudi Riyals 5.2 million) of which Saudi Riyals 3 million (March 31, 2019: Saudi Riyals 3.1 million) are included in secondees' costs above. The remuneration paid to directors amounted to Saudi Riyals Nil (March 31, 2019: Saudi Riyals Nil).

12.4 Acquisition of Rabigh Plus Tech Park

The Company is in the process of acquiring Rabigh Plus Tech Park (RPTP), a business comprising of an industrial complex adjacent to the Company's integrated refining and petrochemical complex, developed jointly by Saudi Aramco and Rabigh Conversion Industry management Services Company (RCIMS), an associated company of Sumitomo Chemical. The acquisition is planned to be executed through asset transfer agreements for the infrastructure with Saudi Aramco and RCIMS and a lease agreement with Saudi Aramco for the land on which RPTP is located. The legal formalities in this regard are under process and are expected to be completed by the end of financial year 2020.

13 Impacts of the Pandemic

The Novel Coronavirus (COVID-19) pandemic has spread across various geographies globally causing disruption to businesses and economic activities and has brought about significant volatility in the global environment. In January 2020, oil products prices and demand started to decline because of the outbreak of COVID-19 and this declining trend continued due to the scenario around production cuts amongst OPEC and OPEC+ countries. As at March 31, 2020, given the ongoing volatility, the extent and duration of such business and economic impacts remains uncertain and is dependent on the future developments that cannot be currently accurately estimated, such as the transmission rate of the coronavirus, the extent and effectiveness of containment measures, the movement in products prices and demand and overall pace of global economies.

Accordingly, the business and economic impacts on the Company's operations cannot be estimated reliably as at the date of issuance of these financial statements. Those charged with governance are continuously monitoring the evolving scenario and the resultant impacts and developments will be reflected as part of the operating results and cash flows of the future reporting periods.

14 Contingencies and commitments

- (i) As at March 31, 2020, bank guarantees issued on behalf of the Company amounted to Saudi Riyals 3,017 million (December 31, 2019: Saudi Riyals 1,386 million).
- (ii) As at March 31, 2020, capital commitments contracted for but not incurred amounted to Saudi Riyals 756 million (December 31, 2019: Saudi Riyals 1,057 million).

15 Approval and authorization for issue

These condensed interim financial statements were approved and authorized for issue by the Board Audit Committee, as delegated by the Board of Directors, on Ramadan 4, 1441H (April 27, 2020).