

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

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

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

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

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

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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 31 March 2021, and the related interim condensed statements of income and comprehensive income, changes in equity and cash flows for the three-month 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") 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.

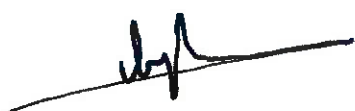
Scope of review

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
License No. 476

6 Ramadan 1442H
18 April 2021G

Jeddah



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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

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

		31 March 2021 (Unaudited)	31 December 2020 (Audited)
	<i>Note</i>		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	10,835,636	11,078,498
Right-of-use assets		141,102	147,201
Intangible assets		25,705	26,176
Other non-current assets		154,061	149,809
TOTAL NON-CURRENT ASSETS		11,156,504	11,401,684
CURRENT ASSETS			
Inventories		909,057	808,412
Trade receivables		2,122,899	1,792,691
Prepayments and other current assets		331,109	302,013
Short-term investments	5	3,117,292	3,015,200
Cash and cash equivalents		265,316	19,758
TOTAL CURRENT ASSETS		6,745,673	5,938,074
TOTAL ASSETS		17,902,177	17,339,758
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6	5,625,000	5,625,000
Statutory reserve		1,687,500	1,687,500
Actuarial reserve		(66,314)	(155,423)
Retained earnings		7,545,546	7,828,380
TOTAL EQUITY		14,791,732	14,985,457
NON-CURRENT LIABILITIES			
Lease liabilities		118,831	127,153
Employee benefits	7	854,547	887,758
TOTAL NON-CURRENT LIABILITIES		973,378	1,014,911
CURRENT LIABILITIES			
Lease liabilities – current portion		19,618	19,295
Trade payables		565,254	589,661
Accruals and other current liabilities	8	1,383,150	593,973
Zakat payable	9	169,045	136,461
TOTAL CURRENT LIABILITIES		2,137,067	1,339,390
TOTAL LIABILITIES		3,110,445	2,354,301
TOTAL EQUITY AND LIABILITIES		17,902,177	17,339,758

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 period ended 31 March 2021

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

		<i>Three-month period ended 31 March</i>	
	<i>Note</i>	<i>2021</i>	<i>2020</i>
Revenue from contracts with customers		1,723,008	1,194,977
Cost of revenue		(1,191,495)	(995,721)
GROSS PROFIT		531,513	199,256
Selling and distribution expenses		(24,823)	(19,380)
General and administrative expenses		(93,199)	(77,508)
INCOME FROM MAIN OPERATIONS		413,491	102,368
Finance income		6,825	19,509
Finance costs, net		(7,034)	(6,567)
Other income, net		39,593	19,034
INCOME BEFORE ZAKAT		452,875	134,344
Zakat	9	(32,584)	(29,883)
NET INCOME FOR THE PERIOD		420,291	104,461
Earnings per share (EPS)			
Weighted average number of ordinary shares (‘000)	10	562,500	562,500
Basic and diluted earnings per share attributable to ordinary equity holders of the Company (Saudi Riyals)	10	0.75	0.19

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 period ended 31 March 2021
(All amounts in Saudi Riyals ‘000 unless otherwise stated)

		<i>Three-month period ended 31 March</i>	
	<i>Note</i>	<i>2021</i>	<i>2020</i>
Net income for the period		420,291	104,461
Other comprehensive income			
<i>Items that will not be reclassified to statement of income in subsequent periods:</i>			
Re-measurement gain on defined benefit plans	7	89,109	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		509,400	104,461

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 three-month period ended 31 March 2021

(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 2020	5,625,000	1,687,500	(7,994)	8,838,306	16,142,812
Net income for the period	-	-	-	104,461	104,461
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	104,461	104,461
Dividends (note 15)	-	-	-	(984,375)	(984,375)
Balance as at 31 March 2020	<u>5,625,000</u>	<u>1,687,500</u>	<u>(7,994)</u>	<u>7,958,392</u>	<u>15,262,898</u>
Balance as at 1 January 2021	5,625,000	1,687,500	(155,423)	7,828,380	14,985,457
Net income for the period	-	-	-	420,291	420,291
Other comprehensive income for the period	-	-	89,109	-	89,109
Total comprehensive income for the period	-	-	89,109	420,291	509,400
Dividends (note 15)	-	-	-	(703,125)	(703,125)
Balance as at 31 March 2021	<u>5,625,000</u>	<u>1,687,500</u>	<u>(66,314)</u>	<u>7,545,546</u>	<u>14,791,732</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 three-month period ended 31 March 2021

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

		<i>Three-month period ended 31 March</i>	
	<i>Note</i>	<i>2021</i>	<i>2020</i>
OPERATING ACTIVITIES			
Income before zakat		452,875	134,344
<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		298,974	287,315
Amortisation of intangible assets		471	1,134
Impairment of capital work in progress	4	63,500	-
Reversal of provision for slow moving and obsolete inventories		-	(500)
Provision for employee benefits		53,737	13,275
Loss on disposal of property, plant and equipment		-	2,176
Finance costs		7,034	6,567
Finance income		(6,825)	(19,509)
		869,766	424,802
<i>Working capital adjustments:</i>			
(Increase)/decrease in inventories		(100,645)	47,116
(Increase)/decrease in trade receivables		(330,208)	175,439
(Increase)/decrease in prepayments and other current assets		(28,691)	5,431
(Increase)/decrease in other non-current assets		(4,252)	11,336
Decrease in trade payables		(24,407)	(53,466)
Increase/(decrease) in accruals and other current liabilities		86,080	(163,152)
Cash from operations		467,643	447,506
Finance costs paid		(1,831)	(2,147)
Employee benefits paid	7	(3,042)	(3,828)
Net cash flows from operating activities		462,770	441,531
INVESTING ACTIVITIES			
Short-term investments made		(904,392)	(906,500)
Proceeds from maturity of short-term investments		802,300	1,741,200
Purchase of property, plant and equipment		(113,513)	(105,413)
Purchase of intangible assets		-	(78)
Finance income received		6,420	19,509
Net cash flows (used in)/from investing activities		(209,185)	748,718
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(7,999)	(7,948)
Dividends paid		(28)	(717)
Net cash flows used in financing activities		(8,027)	(8,665)
INCREASE IN CASH AND CASH EQUIVALENTS		245,558	1,181,584
Cash and cash equivalents at the beginning of the period		19,758	136,270
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		265,316	1,317,854
SUPPLEMENTARY NON-CASH INFORMATION			
Right-of-use assets and lease liabilities		-	2,588
Dividend payable		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 three-month period ended 31 March 2021

(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 three-month period ended 31 March 2021 have been approved by the Board of Directors on 6 Ramadan 1442H (corresponding to 18 April 2021).

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”) as endorsed in the Kingdom of Saudi Arabia (“KSA”). The Company has prepared the interim condensed financial statements on the basis that it will continue to operate as a going concern. The management considers that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgment that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

These interim condensed financial statements do not include all the information and disclosures required in a 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 2020. In addition, results for the interim period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021 (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 also the functional currency of the Company. All figures are rounded off to the nearest thousands (SR ‘000) unless when otherwise indicated.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of the Company’s interim condensed financial statements requires management to make judgments, 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 2020. 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).

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 2020, except for the adoption of amendments in standards effective as of 1 January 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2021, 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 Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

4 PROPERTY, PLANT AND EQUIPMENT

During the period ended 31 March 2021, the management recorded impairment against capital work in progress due to uncertainty of using certain costs with an amount of SR 63.5 million.

5 SHORT-TERM INVESTMENTS

Short-term investments represent Murabaha commodity placements with an original maturity exceeding three months but less than one year 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 Saudi Basic Industries Corporation (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 three-month period ended 31 March 2021
(All amounts in Saudi Riyals '000 unless otherwise stated)

7 EMPLOYEE BENEFITS

	31 March 2021	31 December 2020
Defined benefits obligation (note 7.1)	817,562	856,354
Others	36,985	31,404
	854,547	887,758

7.1 Defined benefits obligation

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

	Three-month period ended 31 March 2021	Year ended 31 December 2020
Defined benefits obligation at beginning of the period/year	856,354	594,260
Current service cost	18,869	52,965
Interest cost on defined benefits obligation	5,203	17,680
Actuarial (gain)/loss on the obligation	(89,109)	147,429
Payments during the period/year	(3,042)	(9,752)
Transferred in, net	29,287	53,772
Defined benefits obligation at the end of the period/year	817,562	856,354

Net defined benefit expense:

	Three-month period ended 31 March 2021	Three-month period ended 31 March 2020
Current service cost	18,869	13,380
Interest cost on defined benefits obligation	5,203	4,420
Net defined benefits expense	24,072	17,800

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

	31 March 2021	31 December 2020
Discount rate	3.1%	2.4%
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 31 March 2021 and 31 December 2020: 9% per annum in 2021 decreasing to 5% per annum in 2025 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 three-month period ended 31 March 2021
(All amounts in Saudi Riyals ‘000 unless otherwise stated)

8 ACCRUALS AND OTHER CURRENT LIABILITIES

	<i>31 March 2021</i>	<i>31 December 2020</i>
Accrued liabilities	546,632	340,295
Amounts due to related parties	118,083	238,340
Dividend payable (note 15)	718,435	15,338
	<u>1,383,150</u>	<u>593,973</u>

9 ZAKAT

	<i>Three-month period ended 31 March 2021</i>	<i>Year ended 31 December 2020</i>
Zakat relating to current period/year	32,584	119,910
Zakat relating to prior years	-	20,000
	<u>32,584</u>	<u>139,910</u>

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

	<i>Three-month period ended 31 March 2021</i>	<i>Year ended 31 December 2020</i>
At the beginning of the period/year	136,461	125,936
Provided during the period/year	32,584	139,910
Paid during the period/year	-	(129,385)
At the end of the period/year	<u>169,045</u>	<u>136,461</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.

During the year ended 31 December 2020, the Company received assessment for the years 2016 to 2018 claiming additional zakat aggregating to SR 91 million due to certain additions to zakat base made by GAZT. The Company has filed an appeal against the total amount of assessment for these years and the management believes that the appeal outcome will be in the Company’s favour. Moreover, an additional provision of SR 20 million was made in these interim condensed financial statements during the year ended 31 December 2020.

Further, during the year 2020, GAZT raised assessment with additional withholding tax liability on dividend paid to non-resident shareholders amounting to SR 10.1 million for the years 2015 to 2019, and the Company paid the amount during the year ended 31 December 2020.

The final assessment for the year 2019 has not yet been raised by the GAZT.

Yanbu National Petrochemical Company (YANSAB) - A Saudi Joint Stock Company
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
For the three-month period ended 31 March 2021
(All amounts in Saudi Riyals ‘000 unless otherwise stated)

10 EARNINGS PER SHARE

The earnings per share calculation is given below:

	<i>Three-month period ended 31 March 2021</i>	<i>Three-month period ended 31 March 2020</i>
Net income for the period (SR ‘000)	420,291	104,461
Weighted average number of ordinary shares (‘000)	562,500	562,500
Earnings per share (Saudi Riyals) – Basic and diluted	0.75	0.19

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 three-month period ended 31 March 2021

(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 for the three-month period ended		Balance as at	
		31 March 2021	31 March 2020	31 March 2021	31 December 2020
a) Amounts due from related parties					
Saudi Basic Industries Corporation (SABIC) – (Parent)	Sale of products	1,723,008	1,194,977	2,073,141	1,740,961
	Advances for purchase of materials, product sales and other transactions	11,465	2,577	95,361	106,826
	Long term advance for logistics	-	-	7,500	7,500
Other related parties	Exchange of products	1,097	12,164	48,361	49,092
		1,735,570	1,209,718	2,224,363	1,904,379
b) Amounts due to related parties					
Saudi Basic Industries Corporation (SABIC) – (Parent)	Payments on behalf of the Company	492,873	461,654	375,559	310,331
	Research and technology fees	34,460	28,956	109,717	68,455
Saudi Aramco (Ultimate Parent) and its subsidiaries (from 16 June 2020)	Procurement of feedstock and others	189,766	-	218,399	322,363
Arabian Industrial Fibers Company (IBN RUSHD) (a related party)	Propane Tolling Agreement	90,110	25,821	90,110	103,208
Other related parties	Storage services and others	29,428	880	30,679	1,840
		836,637	517,311	824,464	806,197

Yanbu National Petrochemical Company (YANSAB) - A Saudi Joint Stock Company
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
For the three-month period ended 31 March 2021
(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 31 March 2021</i>	<i>Three-month period ended 31 March 2020</i>
Salaries and other benefits	1,418	2,677
Post-employment benefits	369	207
	1,787	2,884

Significant transactions with related parties were as follows:

- a) 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.
- b) 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.
- c) 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 31 March 2021 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 31 March 2021, 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 31 March 2021, the Company has commitments of SR 260 million (31 December 2020: SR 317 million) relating to capital expenditures.

The Company's bankers have issued, on its behalf, bank guarantees amounting to SR 10.6 million in the normal course of business as at 31 March 2021 (31 December 2020: SR 10.6 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.

On 30 March 2021, the General Assembly approved a distribution of cash dividend amounting SR 703.13 million (SR 1.25 per share) for the second 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.

16 IMPACT OF COVID-19

The outbreak of novel coronavirus ("COVID-19") since early 2020 and its spread across mainland China and then globally caused disruptions to businesses and economic activities including KSA. The World Health Organisation qualified COVID-19 as a pandemic, with governments issuing strict regulations and guidance for its populations and companies. It necessitated the Company's management to re-assess the judgments and the key sources of estimation applied to the annual financial statements for the year ended 31 December 2020.

During the period ended 31 March 2021, management has assessed the overall impact on the Company's operations and business aspects, and considered factors like effects on supply chain, impact of oil prices, operating rates of its plants and lost volume, and products demand. Based on this assessment, the management concluded that, as at the reporting date of these interim condensed financial statements, the Company did not face significant adverse impact on its operations and business due to COVID-19 pandemic and no significant changes are required to the judgments, assumptions and key estimates in the interim condensed financial statements for the period ended 31 March 2021.

To preserve the health of the employees and support the prevention of contagion in the operational and administrative areas, the Company took measures, in line with the recommendations of the World Health Organisation and Ministry of Health, such as working from home, social distancing at work place, rigorous cleaning of workplaces, distribution of personal protective equipment, testing of suspected cases, limiting non-essential travel, self-health declarations and measuring body temperature.

The operational and financial impacts of the COVID-19 pandemic to date have been reflected in these interim condensed financial statements. The strong financial position, including access to funds and absence of debt, coupled with the actions the Company has taken to date and the continued activity of its Parent Company ensures that the Company has the capacity to continue through the challenges caused by the COVID-19 pandemic. However, in 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.