

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

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

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 September 2020, and the related interim condensed statements of income and comprehensive income, for the three-month and nine-month periods ended 30 September 2020, and the related interim condensed statements of changes in equity and cash flows for the nine-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

2 Rabi' I 1442H
19 October 2020

Jeddah



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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

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

	<i>Note</i>	<i>30 September 2020 (Unaudited)</i>	<i>31 December 2019 (Audited)</i>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		11,252,411	11,848,879
Right-of-use assets	4	153,436	170,935
Intangible assets		26,144	27,291
Other non-current assets		154,325	180,599
TOTAL NON-CURRENT ASSETS		11,586,316	12,227,704
CURRENT ASSETS			
Inventories		674,322	735,943
Trade receivables		1,699,643	1,753,273
Prepayments and other current assets		211,326	166,417
Short-term investments	5	2,468,000	3,050,800
Cash and cash equivalents		19,629	136,270
TOTAL CURRENT ASSETS		5,072,920	5,842,703
TOTAL ASSETS		16,659,236	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		(52,793)	(7,994)
Retained earnings		7,495,726	8,838,306
TOTAL EQUITY		14,755,433	16,142,812
NON-CURRENT LIABILITIES			
Lease liabilities	4	130,536	154,186
Employee benefits	7	715,391	620,651
TOTAL NON-CURRENT LIABILITIES		845,927	774,837
CURRENT LIABILITIES			
Lease liabilities – current portion	4	19,141	14,058
Trade payables		498,100	457,346
Accruals and other current liabilities	8	462,116	555,418
Zakat payable	9	78,519	125,936
TOTAL CURRENT LIABILITIES		1,057,876	1,152,758
TOTAL LIABILITIES		1,903,803	1,927,595
TOTAL EQUITY AND LIABILITIES		16,659,236	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 nine-month periods ended 30 September 2020

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

	Note	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Revenue from contracts with customers		1,440,728	1,422,744	3,656,362	4,582,750
Cost of revenue		(1,163,518)	(1,126,690)	(3,042,774)	(3,382,600)
GROSS PROFIT		277,210	296,054	613,588	1,200,150
Selling and distribution expenses		(17,919)	(11,463)	(54,218)	(50,616)
General and administrative expenses		(58,249)	(79,209)	(203,054)	(235,690)
INCOME FROM MAIN OPERATIONS		201,042	205,382	356,316	913,844
Finance income		9,118	17,041	43,112	70,251
Finance costs, net		(6,420)	(6,847)	(18,362)	(20,683)
Other income, net		15,945	23,756	45,822	42,591
INCOME BEFORE ZAKAT		219,685	239,332	426,888	1,006,003
Zakat	9	(24,051)	(27,277)	(81,968)	(87,179)
NET INCOME FOR THE PERIOD		195,634	212,055	344,920	918,824
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	0.35	0.38	0.61	1.63

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 nine-month periods ended 30 September 2020
 (All amounts in Saudi Riyals ‘000 unless otherwise stated)

		<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
		<i>30 September</i>		<i>30 September</i>	
	<i>Note</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Net income for the period		195,634	212,055	344,920	918,824
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	(17,392)	(66,971)	(44,799)	(100,209)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		178,242	145,084	300,121	818,615

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 nine-month period ended 30 September 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	-	-	-	918,824	918,824
Other comprehensive loss for the period	-	-	(100,209)	-	(100,209)
Total comprehensive income for the period	-	-	(100,209)	918,824	818,615
Dividends (note 15)	-	-	-	(2,109,375)	(2,109,375)
Balance as at 30 September 2019	<u>5,625,000</u>	<u>1,687,500</u>	<u>(14,923)</u>	<u>8,667,358</u>	<u>15,964,935</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	-	-	-	344,920	344,920
Other comprehensive loss for the period	-	-	(44,799)	-	(44,799)
Total comprehensive income for the period	-	-	(44,799)	344,920	300,121
Dividends (note 15)	-	-	-	(1,687,500)	(1,687,500)
Balance as at 30 September 2020	<u>5,625,000</u>	<u>1,687,500</u>	<u>(52,793)</u>	<u>7,495,726</u>	<u>14,755,433</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 nine-month period ended 30 September 2020

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

	<i>Note</i>	<u>Nine-month period ended 30 September</u>	
		2020	2019
OPERATING ACTIVITIES			
Income before zakat		426,888	1,006,003
<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		863,289	1,018,350
Amortisation of intangible assets		3,431	3,170
Reversal of provision for slow moving and obsolete inventories		(18,137)	-
Provision for employee benefits		42,387	37,167
Loss on disposal of property, plant and equipment		2,176	-
Finance costs		18,362	20,683
Finance income		(43,112)	(70,251)
		<u>1,295,284</u>	<u>2,015,122</u>
<i>Working capital adjustments:</i>			
Inventories		79,758	(14,898)
Trade receivables		53,630	301,066
Prepayments and other current assets		(44,909)	38,388
Other non-current assets		26,274	9,143
Trade payables		40,754	(77,383)
Accruals and other current liabilities		(92,771)	(137,554)
		<u>1,358,020</u>	<u>2,133,884</u>
Cash from operations		1,358,020	2,133,884
Finance costs paid		(5,102)	(6,508)
Employees' benefits paid	7	(5,706)	(6,185)
Zakat paid	9	(129,385)	(128,795)
		<u>1,217,827</u>	<u>1,992,396</u>
Net cash flows from operating activities		1,217,827	1,992,396
INVESTING ACTIVITIES			
Short-term investments made		(5,085,800)	(2,037,000)
Proceeds from maturity of short-term investments		5,668,600	2,625,788
Purchase of property, plant and equipment		(250,749)	(500,308)
Purchase of intangible assets		(2,284)	-
Finance income received		43,112	70,128
		<u>372,879</u>	<u>158,608</u>
Net cash flows from investing activities		372,879	158,608
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(19,316)	(17,101)
Dividends paid		(1,688,031)	(2,112,445)
		<u>(1,707,347)</u>	<u>(2,129,546)</u>
Net cash flows used in financing activities		(1,707,347)	(2,129,546)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(116,641)	21,458
Cash and cash equivalents at the beginning of the period		136,270	26,200
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		19,629	47,658
SUPPLEMENTARY NON-CASH INFORMATION			
Right-of-use assets and lease liabilities		19,619	171,107

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 nine-month period ended 30 September 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 nine-month period ended 30 September 2020 have been approved by the Board of Directors on 2 Rabi' I 1442H (corresponding to 19 October 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 September 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 nine-month period ended 30 September 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>Nine-month period ended</i>		<i>Year ended</i>	
	<i>30 September 2020</i>		<i>31 December 2019</i>	
	<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	(18,248)	-	(19,575)	-
Interest expense	-	5,550	-	10,014
Payments	-	(24,866)	-	(22,366)
At the end of the period/year	153,436	149,677	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 nine-month period ended 30 September 2020
(All amounts in Saudi Riyals ‘000 unless otherwise stated)

7 EMPLOYEE BENEFITS

	<i>30 September 2020</i>	<i>31 December 2019</i>
Defined benefits obligation (note 7.1)	686,998	594,260
Others	28,393	26,391
	715,391	620,651

7.1 Defined benefits obligation

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

	<i>Nine-month period ended 30 September 2020</i>	<i>Year ended 31 December 2019</i>
Defined benefits obligation at beginning of the period/year	594,260	451,054
Current service cost	39,950	42,685
Interest cost on defined benefits obligation	13,260	17,306
Actuarial loss on the obligation	44,799	93,280
Payments during the period/year	(5,706)	(6,351)
Transferred in/(out), net	435	(3,714)
Defined benefits obligation at the end of the period/year	686,998	594,260

Net defined benefit expense:

	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Current service cost	13,241	10,536	39,950	31,990
Interest cost on defined benefits obligation	4,420	4,718	13,260	14,224
Net defined benefits expense	17,661	15,254	53,210	46,214

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

	<i>30 September 2020</i>	<i>31 December 2019</i>
Discount rate	2.4%	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 September 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 nine-month period ended 30 September 2020
 (All amounts in Saudi Riyals ‘000 unless otherwise stated)

8 ACCRUALS AND OTHER CURRENT LIABILITIES

	<i>30 September 2020</i>	<i>31 December 2019</i>
Accrued liabilities	371,384	434,633
Amounts due to related parties	75,381	104,903
Dividend payable	15,351	15,882
	462,116	555,418

9 ZAKAT

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

	<i>Nine-month period ended 30 September 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	81,968	135,460
Paid during the period/year	(129,385)	(128,795)
At the end of the period/year	78,519	125,936

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 GAZT raised assessment with additional withholding tax liability on dividend paid to non-resident shareholders amounting to SR 10.1 million for the years 2016 to 2019 and the Company paid the amount during the period ended 30 September 2020.

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 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Net income for the period (SR ‘000)	195,634	212,055	344,920	918,824
Weighted average number of ordinary shares (‘000)	562,500	562,500	562,500	562,500
Earnings per share (Saudi Riyals) – Basic and diluted	0.35	0.38	0.61	1.63

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 nine-month period ended 30 September 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:

<i>Related party</i>	<i>Nature of transactions</i>	<i>Transactions</i>				<i>Balance as at</i>	
		<i>Three-month period ended</i>		<i>Nine-month period ended</i>		<i>30 September</i>	<i>31 December</i>
		<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>		
		<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
a) Amounts due from related parties							
Saudi Basic Industries Corporation (SABIC) – (Parent)	Sale of products	1,440,728	1,422,744	3,656,362	4,582,750	1,696,708	1,739,869
	Advances for purchase of materials, product sales and other transactions	600	13,079	33,777	18,928	98,961	65,184
	Long term advance for logistics	-	-	-	-	7,500	7,500
Other related parties	Exchange of products	1,597	7,713	20,204	7,784	598	11,286
	Others	-	5,167	-	-	-	4,845
		1,442,925	1,448,703	3,710,343	4,609,462	1,803,767	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	441,958	508,362	1,855,918	1,576,588	222,848	282,015
	Research and technology fees	20,234	28,455	73,127	91,655	10,371	69,270
Saudi Aramco (Ultimate Parent) and its subsidiaries (from 16 June 2020)	Procurement of feedstock and others	76,192	-	142,978	-	293,629	-
Arabian Industrial Fibers Company (IBN RUSHD) (a related party)	Propane Tolling Agreement	68,813	79,487	114,238	205,841	68,814	91,754
Other related parties	Storage services and others	9,589	22,273	1,390	176,272	1,875	26,486
		616,786	638,577	2,187,651	2,050,356	597,537	469,525

Yanbu National Petrochemical Company (YANSAB) - A Saudi Joint Stock Company
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
For the nine-month period ended 30 September 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</i>		<i>Nine-month period ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Salaries and other benefits	1,301	1,255	5,279	4,866
Post-employment benefits	217	210	1,228	621
	1,518	1,465	6,507	5,487

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 September 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 September 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 September 2020, the Company has commitments of SR 339 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 0.4 million in the normal course of business as at 30 September 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. The date of eligibility for this dividend distribution was 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.

During the period ended 30 September 2020, management has assessed the overall impact on the Company's operations and business aspects, and considered factors like effects on supply chain, impact of decreased oil prices, operating rates of its plants and lost volume, additional cost in supply chain, margin squeeze, and product demand. Based on this assessment, no significant adjustments were required in the interim condensed financial statements for the period ended 30 September 2020. However, in view of the ongoing 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 and/or liabilities in future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.