

**SAUDI KAYAN PETROCHEMICAL COMPANY (SAUDI KAYAN)**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE-MONTH PERIODS ENDED**  
**30 SEPTEMBER 2023**  
**WITH**  
**INDEPENDENT AUDITOR'S REVIEW REPORT**

**SAUDI KAYAN PETROCHEMICAL COMPANY (SAUDI KAYAN)**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023**

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## *Report on review of interim condensed financial statements*

To the shareholders of Saudi Kayan Petrochemical Company (Saudi Kayan)  
(A Saudi Joint Stock Company)

### **Introduction**

We have reviewed the accompanying interim condensed statement of financial position of Saudi Kayan Petrochemical Company (Saudi Kayan) (the “Company”) as of 30 September 2023 and the related interim condensed statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended and interim condensed statements of changes in equity and cash flows for the nine-month period ended 30 September 2023 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”, as 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, as 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.

### **PricewaterhouseCoopers**

  
Bader I. Benmohareb  
License Number 471



30 October 2023


**SAUDI KAYAN PETROCHEMICAL COMPANY (SAUDI KAYAN)**  
(A SAUDI JOINT STOCK COMPANY)


**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2023**

(EXPRESSED IN SAUDI RIYALS IN THOUSANDS, UNLESS OTHERWISE STATED)

	Note	30 September 2023 (Unaudited)	31 December 2022 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	22,112,737	23,304,124
Right-of-use assets	6	280,710	281,064
Intangible assets		201,422	219,654
Other assets and receivables		44,725	47,293
<b>Total non-current assets</b>		<b>22,639,594</b>	<b>23,852,135</b>
<b>Current assets</b>			
Inventories	7	1,324,171	1,381,467
Trade receivables		2,668,276	2,241,066
Prepayments		85,139	100,173
Other assets and receivables		321,603	283,559
Cash and cash equivalents		240,549	414,837
<b>Total current assets</b>	1	<b>4,639,738</b>	<b>4,421,102</b>
<b>Total assets</b>		<b>27,279,332</b>	<b>28,273,237</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		15,000,000	15,000,000
Statutory reserve		288,470	288,470
Other components of equity		620,874	620,874
Actuarial reserve		204,037	143,373
Accumulated losses		(2,089,806)	(575,431)
<b>Total equity</b>		<b>14,023,575</b>	<b>15,477,286</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Debt	8	6,725,618	7,460,655
Lease liabilities		254,723	270,512
Employees' benefits		601,787	620,933
Other non-current liability		-	140,000
<b>Total non-current liabilities</b>		<b>7,582,128</b>	<b>8,492,100</b>
<b>Current liabilities</b>			
Current portion of debt	8	3,068,849	2,303,976
Current portion of lease liabilities		19,815	36,618
Current portion of employees' benefits		94,408	83,226
Trade payables		1,602,038	1,029,393
Accruals and other current liabilities		850,430	794,563
Zakat provision	4	38,089	56,075
<b>Total current liabilities</b>	1	<b>5,673,629</b>	<b>4,303,851</b>
<b>Total liabilities</b>		<b>13,255,757</b>	<b>12,795,951</b>
<b>Total equity and liabilities</b>		<b>27,279,332</b>	<b>28,273,237</b>

  
**Aiman Fouad Khayat**  
(Finance and Planning Director)

  
**Metab Zaid Al-Shahrani**  
(Company's President)

  
**Waleed Ahmed Al-Shalfan**  
(Designate Member)

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements.

**SAUDI KAYAN PETROCHEMICAL COMPANY (SAUDI KAYAN)**  
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023**  
(EXPRESSED IN SAUDI RIYALS IN THOUSANDS, UNLESS OTHERWISE STATED)

	Note	For the three-month period ended		For the nine-month period ended	
		30 September 2023 (Unaudited)	30 September 2022* (Unaudited)	30 September 2023 (Unaudited)	30 September 2022* (Unaudited)
Revenue	1	2,137,260	2,596,324	6,029,045	9,141,036
Cost of revenue		(2,257,879)	(3,085,014)	(6,604,466)	(8,725,483)
<b>Gross (loss) / profit</b>	1	<b>(120,619)</b>	<b>(488,690)</b>	<b>(575,421)</b>	<b>415,553</b>
Selling and distribution expenses		(49,597)	(68,013)	(148,985)	(178,709)
General and administrative expenses		(103,847)	(118,854)	(308,837)	(361,879)
Other operating income / (loss), net	6	8,091	(21)	32,487	2,488
<b>Operating loss</b>		<b>(265,972)</b>	<b>(675,578)</b>	<b>(1,000,756)</b>	<b>(122,547)</b>
Finance income		1,652	4,543	14,699	10,569
Finance cost		(180,111)	(121,890)	(518,952)	(266,945)
<b>Loss before zakat</b>		<b>(444,431)</b>	<b>(792,925)</b>	<b>(1,505,009)</b>	<b>(378,923)</b>
Zakat expense	4	(4,542)	(19,343)	(9,366)	(73,842)
<b>Loss for the period</b>		<b>(448,973)</b>	<b>(812,268)</b>	<b>(1,514,375)</b>	<b>(452,765)</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to the statement of profit or loss:</i>					
Re-measurement of defined benefit plans		60,099	106,872	60,664	315,017
<b>Other comprehensive income for the period</b>		<b>60,099</b>	<b>106,872</b>	<b>60,664</b>	<b>315,017</b>
<b>Total comprehensive loss for the period</b>		<b>(388,874)</b>	<b>(705,396)</b>	<b>(1,453,711)</b>	<b>(137,748)</b>
<b>Loss per share</b>					
Number of shares outstanding (in thousands)		1,500,000	1,500,000	1,500,000	1,500,000
Basic and diluted loss per share attributable to the shareholders of the Company (Saudi Riyals)		(0.30)	(0.54)	(1.01)	(0.30)

\*In respect of 2022 comparative period, refer to Note 11 for certain reclassifications made.

  
**Aiman Fouad Khayat**  
(Finance and Planning Director)

  
**Metab Zaid Al-Shahrani**  
(Company's President)

  
**Waleed Ahmed Al-Shalfan**  
(Designate Member)

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**SAUDI KAYAN PETROCHEMICAL COMPANY (SAUDI KAYAN)**  
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

(EXPRESSED IN SAUDI RIYALS IN THOUSANDS, UNLESS OTHERWISE STATED)

	Share capital	Statutory reserve	Other components of equity	Actuarial reserve	Retained earnings / (accumulated losses)	Total
As at 1 January 2022 - (Audited)	15,000,000	288,470	620,874	(108,531)	668,459	16,469,272
Loss for the period	-	-	-	-	(452,765)	(452,765)
Other comprehensive income for the period	-	-	-	315,017	-	315,017
Total comprehensive loss for the period	-	-	-	315,017	(452,765)	(137,748)
As at 30 September 2022 - (Unaudited)	15,000,000	288,470	620,874	206,486	215,694	16,331,524
As at 1 January 2023 (Audited)	15,000,000	288,470	620,874	143,373	(575,431)	15,477,286
Loss for the period	-	-	-	-	(1,514,375)	(1,514,375)
Other comprehensive income for the period	-	-	-	60,664	-	60,664
Total comprehensive loss for the period	-	-	-	60,664	(1,514,375)	(1,453,711)
As at 30 September 2023 (Unaudited)	15,000,000	288,470	620,874	204,037	(2,089,806)	14,023,575



**Aiman Fouad Khayat**  
(Finance and Planning Director)



**Metab Zaid Al-Shahrani**  
(Company's President)



**Waleed Ahmed Al-Shalfan**  
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**SAUDI KAYAN PETROCHEMICAL COMPANY (SAUDI KAYAN)**  
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

(EXPRESSED IN SAUDI RIYALS IN THOUSANDS, UNLESS OTHERWISE STATED)

	<b>For the nine-month period ended</b>	
	<b>30 September</b>	<b>30 September</b>
	<b>2023</b>	<b>2022*</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from operating activities</b>		
Loss before zakat	(1,505,009)	(378,923)
<i>Adjustment for:</i>		
Depreciation of property, plant and equipment and right-of-use assets	1,821,812	1,781,703
Amortization of intangible assets	18,556	18,937
Employees' benefits	50,632	89,292
Loss on disposal of property, plant and equipment	-	1,410
Write-off of property, plant and equipment	436	-
Write-off of intangible assets	-	4,656
Impairment of property, plant and equipment	74,697	-
Gain from derecognition of lease liabilities	(16,967)	-
Finance cost	518,952	266,945
Finance income	(14,699)	(10,569)
	<u>948,410</u>	<u>1,773,451</u>
<i>Changes in:</i>		
Inventories	57,296	261,909
Trade receivables	(427,210)	770,834
Prepayments	15,034	23,226
Other current and non-current assets	(35,475)	18,756
Trade payables	432,645	(63,263)
Accruals and other current liabilities	67,725	(163,303)
<b>Cash generated from operations</b>	<b>1,058,425</b>	<b>2,621,610</b>
Finance cost paid	(330,488)	(112,480)
Finance income received	14,778	10,056
Employees' benefits paid	(8,508)	(4,620)
Zakat paid	(27,352)	(118,465)
<b>Net cash generated from operating activities</b>	<b>706,855</b>	<b>2,396,101</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(664,216)	(174,527)
Additions to intangible assets	(324)	-
<b>Net cash used in investing activities</b>	<b>(664,540)</b>	<b>(174,527)</b>

\*In respect of 2022 comparative period, refer to Note 11 for certain reclassifications made.

**SAUDI KAYAN PETROCHEMICAL COMPANY (SAUDI KAYAN)**

(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED STATEMENT OF CASH FLOWS (CONTINUED)****FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023****(EXPRESSED IN SAUDI RIYALS IN THOUSANDS, UNLESS OTHERWISE STATED)**

	Note	For the nine-month period ended	
		30 September 2023 (Unaudited)	30 September 2022* (Unaudited)
<b>Cash flows from financing activities</b>			
Debt proceeds	8	600,000	-
Repayment of debt	8	(760,037)	(1,805,532)
Payment of lease liabilities		(56,566)	(36,658)
<b>Cash used in financing activities</b>		<b>(216,603)</b>	<b>(1,842,190)</b>
<b>Net change in cash and cash equivalents</b>		<b>(174,288)</b>	<b>379,384</b>
Cash and cash equivalents at the beginning of the period		414,837	960,769
<b>Cash and cash equivalents at the end of the period</b>		<b>240,549</b>	<b>1,340,153</b>

**Non-cash transactions**

Additions to right-of-use assets and lease liabilities	47,628	59,953
Transfer of intangible assets	-	421

*\*In respect of 2022 comparative period, refer to Note 11 for certain reclassifications made.***Aiman Fouad Khayat**  
(Finance and Planning Director)**Metab Zaid Al-Shahrani**  
(Company's President)**Waleed Ahmed Al-Shalfan**  
(Designate Member)

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements.



# **SAUDI KAYAN PETROCHEMICAL COMPANY (SAUDI KAYAN)**

(A SAUDI JOINT STOCK COMPANY)

## **INTERIM CONDENSED STATEMENT OF CASH FLOWS (CONTINUED)**

**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

(EXPRESSED IN SAUDI RIYALS IN THOUSANDS, UNLESS OTHERWISE STATED)

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### **1. CORPORATE INFORMATION**

Saudi Kayan Petrochemical Company (Saudi Kayan) ("the Company") is a Saudi Joint Stock Company registered under Commercial Registration No. 2055008450 issued in Al Jubail on 26 Jumada'I 1428 H (12 June 2007G). The registered address of the Company is P.O. Box 10302, Al Jubail Industrial City, the Kingdom of Saudi Arabia. 35% of the Company's shares are owned by Saudi Basic Industries Corporation ("SABIC") and the remaining held by the general public.

The Company is engaged in production of polypropylene, propylene, acetone, polyethylene, ethoxylate, ethylene, ethylene glycol, bisphenol, ethanolamine, industrial fatty alcohol, polycarbonate and other petrochemical products under an industrial license No. (218) dated 14 Shawwal 1443H (corresponding to 16 May 2022G) and ending on 14 Shawwal 1446H (corresponding to 13 April 2025G) issued by the Ministry of Industry and Mineral Resources.

The Company has 33.33% interest in Saudi Butanol Company (Sabuco), a Saudi Arabian Mixed Limited Liability Company. Sabuco's principal activities comprise of a Butanol plant in Jubail for the production of N-Butanol and Iso-Butanol. All of the N-Butanol and Iso-Butanol produced by Sabuco is sold to the parties to the joint arrangement (i.e. the Company and other shareholders of Sabuco). Based on these facts and circumstances, it was assessed that the Company has rights to the assets and obligations for the liabilities relating to Sabuco and has therefore been classified as a joint operation. The Company has accounted for its share of assets, liabilities, income and expenses based on its 33.33% shareholding interest.

During 2023, the Company has conducted major inspections (turnarounds / shutdown plans) in certain plants.

Starting the second half of 2022, there was a significant decline in the sales prices of the Company's products in the global markets which resulted in a significant decrease in revenue, margin and profitability for the three and nine-month periods ended 30 September 2023 and 2022. Management believes that such decrease in sales prices is short-term and the sales prices are expected to improve in the foreseeable future. Also see Note 5.

As at 30 September 2023, the Company's current liabilities exceeded its current assets by SR 1.03 billion primarily due to expected scheduled debt repayments of SR 3.1 billion over the next twelve months which include SR 1.5 billion due against a revolving credit facility. The master facility agreement for this revolving credit facility is valid until 16 November 2027. Based on the terms of the agreement, a cash settlement cannot be enforced by the lender except in the case of non-compliance with the underlying covenants, a situation that management considers to be an unlikely event given the nature of these covenants. Accordingly, management believes that the repayment date of amounts due under the revolving credit facility will continue to be rolled over until the expiry of the agreement, as was the case in the past. Furthermore, as at 30 September 2023, the Company has access to undrawn borrowing facilities amounting to SR 1.5 billion under the same revolving credit facility.

These interim condensed financial statements have been approved on 8 Rabi Al Thani 1445H (corresponding to 23 October 2023G).

### **2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

#### **2.1 Statement of compliance**

These condensed interim 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 and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The Company has prepared the condensed interim financial statements on the basis that it will continue to operate as a going concern.

**SAUDI KAYAN PETROCHEMICAL COMPANY (SAUDI KAYAN)**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023**  
(EXPRESSED IN SAUDI RIYALS IN THOUSANDS, UNLESS OTHERWISE STATED)

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**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

These condensed interim 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 2022. An interim period is considered as an integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

An interim period is considered an integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

**2.2 New standards, interpretations and amendments**

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in preparing the Company's annual financial statements for the year ended 31 December 2022, except for the adopted amendments to IFRS as elaborated in the next paragraph.

The Company has adopted the following relevant amendments to IFRS which are effective for periods beginning on and after 1 January 2023, and have no impact on the Company's transactions and balances for the current or prior periods:

- Definition of Accounting Estimates – (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

There are no new accounting standards or amendments to accounting standards and interpretations that have been issued but not yet adopted by the Company.

**SAUDI KAYAN PETROCHEMICAL COMPANY (SAUDI KAYAN)**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023**  
(EXPRESSED IN SAUDI RIYALS IN THOUSANDS, UNLESS OTHERWISE STATED)

**3. RELATED PARTY TRANSACTIONS AND BALANCES**

The immediate controlling party of the Company is SABIC (A listed company registered in the Kingdom of Saudi Arabia). Saudi Aramco owns 70% of SABIC through one of its subsidiaries. The Saudi Arabian Government is the largest shareholder of Saudi Aramco by 90.19% direct shareholding. Related parties comprise the shareholders, directors, associated companies (representing entities directly or indirectly controlled by or under the significant influence of the Company's shareholders or ultimate controlling party) and key management personnel of the Company. Following is the list of the major related parties of the Company:

<u>Name of related party</u>	<u>Nature of relationship</u>
Saudi Aramco	Ultimate parent company
SABIC	Parent company
SABIC affiliates	Associated companies
Power and Water Utility Company for Jubail and Yanbu ("Marafiq")	Associate of the parent and the ultimate parent company
Sabuco	Joint operation

The following table provides the total amount of significant transactions that have been entered into with related parties:

Related party	Nature of transaction	For the three-month period ended		For the nine-month period ended	
		30 September 2023	30 September 2022	30 September 2023	30 September 2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
SABIC	Sales	2,136,811	2,594,794	6,028,376	9,139,331
	Marketing fee	84,618	102,796	238,724	361,917
	Purchases and other services	165,274	239,534	443,103	745,650
	Shared services charges	19,703	13,965	59,231	40,957
	Technology and innovation cost	43,152	51,922	120,705	182,795
	Purchase of insurance policies through the parent company	9,041	8,035	26,041	23,026
	Supply chain services	21,806	39,683	71,331	98,429
	Purchases and other services	888,681	1,354,586	2,875,592	4,406,960
Marafiq	Purchases and other Services	16,487	11,387	47,394 0	43,644
SABIC affiliates	Sales	449	234	669	1,322
	Purchase of inventory, capital goods and services	19,046	17,724	57,457	52,712
Key management personnel	Salaries and other benefits	1,826	1,381	6,354	4,142
	Post-employment benefits	608	256	3,675	767

**SAUDI KAYAN PETROCHEMICAL COMPANY (SAUDI KAYAN)**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023**  
(EXPRESSED IN SAUDI RIYALS IN THOUSANDS, UNLESS OTHERWISE STATED)

**3. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

The following table provides the related party balances as at 30 September 2023 and 31 December 2022:

	<b>30 September 2023</b>	<b>31 December 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>a. Trade receivables (due from related parties)</b>		
SABIC	2,665,866	2,225,610
SABIC affiliates	2,410	14,567
	<u>2,668,276</u>	<u>2,240,177</u>
<b>b. Advances and other receivables (due from related parties)</b>		
SABIC	192,325	125,935
SABIC affiliates	-	1,911
	<u>192,325</u>	<u>127,846</u>
<b>c. Trade payables (due to related parties)</b>		
SABIC	1,132,506	642,836
Saudi Aramco	330,406	344,090
SABIC affiliates	87,811	144,563
	<u>1,550,723</u>	<u>1,131,489</u>
<b>d. Accruals and other current liabilities (due to related parties)</b>		
SABIC	256,865	228,960
Saudi Aramco	353,637	186,425
Marafiq	4,968	5,001
	<u>615,470</u>	<u>420,386</u>

**Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made at terms agreed by the management. Outstanding balances at 30 September 2023 and 31 December 2022 are unsecured, interest free and to be settled in cash. For the three and nine-month periods ended 30 September 2023 and 30 September 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken by examining the financial position of the related party and the market in which the related party operates.

**Significant transactions with related parties are described as follows:**

- i) 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 also has a logistics service agreement with SABIC.
- ii) Advances to SABIC represent the amount paid by the Company according to shared service agreement to finance the purchase of the Company's materials and services from SABIC and its affiliates.

**SAUDI KAYAN PETROCHEMICAL COMPANY (SAUDI KAYAN)**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023**  
(EXPRESSED IN SAUDI RIYALS IN THOUSANDS, UNLESS OTHERWISE STATED)

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**3. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

iii) The Company's annual contribution to SABIC for research and technology is computed as 2% of total sales, which is charged to general and administrative expenses in the interim condensed statement of profit or loss and other comprehensive income.

iv) All of the Company's products are sold to SABIC ("the Marketer") under marketing and off-take agreements. Upon delivery of the product, sales are recorded at net provisional price which are subsequently adjusted to actual selling prices received by SABIC from its customers after deducting shipping, distribution and selling cost, and 4% of marketing fee to cover all other marketing expenses.

v) The Company has a gas allocation agreement, through which the Company can purchase a pre-set amount of gas from Saudi Aramco on a yearly basis.

vi) The Company has issued a guarantee amounting to SR 4.1 million (SR 4.1 million) in favor of Saudi Aramco.

Prices and terms of payments for the above transactions are approved by the Company's management.

**4. ZAKAT**

The Company has finalized its zakat status with the Zakat, Tax and Customs Authority ("ZATCA") for all years up to 2015. During the year 2020, ZATCA issued assessments for the years from 2016 to 2018 with an additional liability of SR 22.5 million. The Company has filed an appeal against the additional liability. ZATCA has partially accepted the Company's appeal, however, the Company has opted to raise the appeal to the General Secretariat of Zakat, Tax and Customs Committees ("GSTC") to seek a more favorable decision. The assessment is still under study. The Company has booked a provision against such assessment amounting to SR 16.5 million.

During the year 2021, ZATCA issued assessments for the years 2019 and 2020 with an additional liability of SR 5.5 million and SR 3.7 million, respectively. The Company has filed an appeal against the additional liability and ZATCA's response is still awaited in this regard. The Company has booked a provision against such assessments amounting to SR 7.6 million. The Company has issued bank guarantees in favor of ZATCA amounting to SR 2.7 million and SR 1.8 million respectively against these assessments.

**5. PROPERTY, PLANT AND EQUIPMENT**

**5.1** On 13 September 2023, one of the two trains in the operating units of the Bisphenol Plant was damaged by a limited fire which was fully controlled, without any human injuries or impact on the other operating units. The process of evaluating the financial impact and determining the root causes of this incident is ongoing, whilst respecting Environment, Health, Safety and Security ("EHSS") considerations. Based on management's initial best estimates and considering known facts as of the date of approval of these interim condensed financial statements, management has identified certain assets which have been damaged and has pre-emptively recorded an impairment loss of Saudi Riyals 74.7 million against such assets for the three-month period ended 30 September 2023. The assessment to determine the overall extent of the damage, including any potential operational losses due to downtime, is expected to be completed during the fourth quarter of 2023.

The Company's plants and facilities are subject to comprehensive insurance coverage which the management believes will cover any potential losses, including potential operational losses due to downtime, arising from this incident. The impact of such insurance claims will be recorded by the Company once they are approved by the insurer.

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**5 PROPERTY, PLANT AND EQUIPMENT (Continued)**

**5.2** The movement of property, plant and equipment is as follows:

		<b>30 September 2023</b>	31 December 2022
	Note	<b>(Unaudited)</b>	(Audited)
Carrying value at the beginning of the period / year		<b>23,304,124</b>	25,300,616
Additions		<b>664,216</b>	354,465
Impairment loss	5.1	<b>(74,697)</b>	-
Write-offs, net of accumulated depreciation		<b>(436)</b>	(24,974)
Transfer to housing program under other non-current assets		<b>(4,081)</b>	-
Depreciation for the period / year		<b>(1,776,389)</b>	(2,325,983)
Carrying value at the end of the period / year		<b>22,112,737</b>	23,304,124

All of the Company's property, plant and equipment have been pledged as security against debt.

**5.3 Asset under construction**

The carrying value of property plant and equipment includes balances amounting to SR 465.2 million (31 December 2022: SR 363.6 million) relating to asset under construction which relates to major turnaround costs, site projects and other support facilities.

**6. RIGHT OF USE ASSETS**

The movement of right of use assets is as follows:

	<b>30 September 2023</b>	31 December 2022
	<b>(Unaudited)</b>	(Audited)
Carrying value at the beginning of the period / year	<b>281,064</b>	292,603
Additions	<b>47,628</b>	14,934
Modifications*	-	58,126
Derecognition, net of accumulated depreciation**	<b>(2,559)</b>	(35,061)
Depreciation for the period / year	<b>(45,423)</b>	(49,538)
Carrying value at the end of the period / year	<b>280,710</b>	281,064

\* During 2022, certain estimates in the assessment of land lease contracts with the Royal Commission were reassessed and accordingly for the computation of the lease liabilities, the lease terms applied were extended to reflect the Company's reasonable expectations of the period during which the underlying asset will be used. Considering the broader economics of these contracts and recent developments, the Company is reasonably certain that both parties will exercise extension options given in the land lease agreements. As a consequence of this change in assessment an additional SR 58.1 million was recorded in right-of-use assets and lease liabilities on 31 December 2022.

\*\* During the nine-month periods ended 30 September 2023, termination of certain leases has resulted in a gain of SR 17.0 million which has been classified as "Other operating income / (loss), net" in the interim condensed statement of profit or loss and other comprehensive income.

**7. INVENTORIES**

As at 30 September 2023, certain inventories were written down to their net realisable value resulting in a write-down of SR 112.9 million (31 December 2022: write-down of SR 116.2 million).

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**8. DEBT**

The details of debt are as follows:

	<b>30 September 2023</b>	31 December 2022
	<b>(Unaudited)</b>	(Audited)
<b>Long term debt</b>		
Saudi Industrial Development Fund (SIDF)	<b>147,209</b>	277,418
Murabaha long term loans	<b>7,961,743</b>	8,591,570
Total long term debt	<b>8,108,952</b>	8,868,988
<b>Short term debt - Revolving credit facility</b>	<b>1,495,643</b>	895,643
<b>Interest payable</b>	<b>189,872</b>	-
Total debt	<b>9,794,466</b>	9,764,631
Total non-current portion	<b>6,725,618</b>	7,460,655
Total current portion	<b>3,068,849</b>	2,303,976

As at 30 September 2023, the Company was in compliance with its debt covenants.

During the nine-month period ended 30 September 2023 and 30 September 2022, the Company made debt repayments of SR 717.5 million and SR 1,805.5 million, respectively.

During the nine-month period ended 30 September 2023 the Company withdrew SR 600.0 million from the revolving credit facility. As at 30 September 2023, undrawn borrowing facilities from such revolving credit facility amounted to SR 1.5 billion.

**9. FAIR VALUE MEASUREMENT**

Fair value of trade receivables related to contracts with provisional pricing arrangements is disclosed below.

	<b>Fair value – Level 3</b>	
	<b>30 September 2023</b>	31 December 2022
	<b>(Unaudited)</b>	(Audited)
Trade receivables related to contracts with provisional pricing arrangements	<b>2,665,866</b>	2,225,610

The classification methodology used in this disclosure is in line with the annual financial statements. There were no transfers between Level 1, Level 2 or Level 3 during the three and nine-month periods ended 30 September 2023 and 2022.

The Company has a number of financial instruments which are measured at amortized cost and the fair value of the majority of these instruments approximate their carrying values. Management assessed that the fair value of cash and cash equivalents, other receivables, trade and other payables and accruals approximates their carrying amounts largely due to the short-term maturities of these instruments.

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**10. SEGMENT INFORMATION**

A segment is a distinguishable component of the Company that is engaged in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

The Board of Directors of the Company monitor the results of the Company's operations and have been identified as the Chief Operating Decision Maker (CODM). The net results of the Company are reported to the Board of Directors, for the Company as a whole. The various expenses which are included in the measurement of the net result for the Company are disclosed in the respective notes to the financial statements.

The Company operates a fully integrated petrochemical facility. The Company analyzes the financial information of its operations as a whole. Accordingly, segmental analysis of the statement of profit or loss and other comprehensive income and statement of financial position is not carried out. The CODM consider the Company to be a single operating segment based on the nature of its operations and products as substantial portion of the Company's sales are made to one customer and all of the Company's operations are related to one operating segment which is petrochemicals.



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**11. COMPARATIVE FIGURES**

Certain prior period's figures have been reclassified to comply with the current period's presentation. As such, the prior period comparative figures have been reclassified, as outlined below. These reclassifications are consistent with the presentation adopted in the annual financial statements for the year ended 31 December 2022 and have no impact on previously reported net income and retained earnings.

	<i>For the three-month period ended 30 September 2022</i>			<i>For the nine-month period ended 30 September 2022</i>		
	<i>Previously reported</i>	<i>Reclassification</i>	<i>Reclassified amount</i>	<i>Previously reported</i>	<i>Reclassification</i>	<i>Reclassified amount</i>
<b><u>Interim condensed statement of profit or loss and other comprehensive income</u></b>						
Other operating income, net (ii)	-	(21)	(21)	-	2,488	2,488
Operating profit	(675,557)	(21)	(675,578)	(125,035)	2,488	(122,547)
Other income - net (ii)	(21)	21	-	2,488	(2,488)	-
<b><u>Interim condensed statement of cash flows</u></b>						
Employee benefits (i)				78,326	10,966	89,292
Cash generated from operations				2,610,644	10,966	2,621,610
Net cash generated from operating activities (i) and (iii)				2,498,164	(102,063)	2,396,101
Net cash used in investing activities (iii)				(164,471)	(10,056)	(174,527)
Net cash used in financing activities (iii)				(1,960,655)	118,465	(1,842,190)
Net change in cash and cash equivalents (i)				373,038	6,346	379,384
Cash and cash equivalents at the beginning of the period (i)				918,594	42,175	960,769
Cash and cash equivalents at the end of the period (i)				1,291,632	48,521	1,340,153

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**11. COMPARATIVE FIGURES (Continued)**

- i) Certain cash balances were previously netted with employee benefits as such cash balances were previously treated as plan assets, however, these do not meet the definition of plan assets under IAS 19 'Employee benefits'. Accordingly, management reclassified the cash and related liability and presented it on a gross basis as current asset and current liability, respectively, in the statement of financial position as at 31 December 2022 and 1 January 2022 in the annual financial statements for the year ended 31 December 2022. Accordingly, this only impacted the interim condensed statement of cash flows for the nine-month period ended 30 September 2022.
- ii) As part of the IASB Primary Financial Statements project, 'other operating income, net' was identified as subject to different interpretations. In accordance with international practice and based on the Company's reassessment, 'other operating income, net' amounting to SR 2.5 million for the nine-month period ended 30 September 2022 (SR 0.02 million for the three-month period ended 30 September 2022) has been categorized as operating activities and presented within 'income from operations'.
- iii) Management previously presented finance cost paid and finance income received in the statement of cash flows as part of financing and investing activities, respectively. Management has now opted to present finance cost paid and finance income received as part of operating activities in the interim condensed statement of cash flows and has accordingly reclassified the 2022 comparatives.

**12. SUBSEQUENT EVENTS**

No significant subsequent event occurred between 30 September 2023 and the date of authorization of these interim condensed financial statements by the Board Audit Committee, which may have material impact on these interim condensed financial statements.