

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
SEPTEMBER 30, 2020 AND REPORT ON REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020

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Independent Auditors' Report

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

Introduction

We have reviewed the accompanying September 30, 2020 condensed interim financial statements of Rabigh Refining and Petrochemical Company ("the Company") which comprises:

- the condensed statement of profit or loss for the three month and nine month periods ended September 30, 2020;
- the condensed statement of comprehensive income for the three month and nine month periods ended September 30, 2020;
- the condensed statement of financial position as at September 30, 2020;
- the condensed statement of changes in equity for the nine month period ended September 30, 2020;
- the condensed statement of cash flows for the nine month period ended September 30, 2020; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying September 30, 2020 condensed interim financial statements of **Rabigh Refining and Petrochemical Company** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

For KPMG Al Fozan & Partners
Certified Public Accountants

Ebrahim Oboud Baeshen
License No. 382



Jeddah, Rabi Al Awal 9, 1442H
Corresponding to October 26, 2020

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

	Notes	Three-month period ended September 30,		Nine-month period ended September 30,	
		2020	2019	2020	2019
Sales	4	7,051,719	8,742,107	13,819,739	26,201,739
Cost of sales		(6,918,526)	(7,871,511)	(15,525,124)	(24,222,809)
Gross profit (loss)		133,193	870,596	(1,705,385)	1,978,930
Other income, net		16,268	27,234	41,663	69,504
Selling and marketing expenses		(200,026)	(40,313)	(435,475)	(295,536)
General and administrative expenses		(237,138)	(234,301)	(666,268)	(681,624)
Operating (loss) profit		(287,703)	623,216	(2,765,465)	1,071,274
Financial charges		(393,494)	(205,728)	(1,213,008)	(651,539)
Financial income		49,451	64,798	153,868	206,084
(Loss) profit before Zakat and tax		(631,746)	482,286	(3,824,605)	625,819
Zakat	11	-	(11,903)	(2,915)	(151,425)
Tax	11	21,943	(76,217)	(14,207)	(131,837)
(Loss) profit after Zakat and tax		(609,803)	394,166	(3,841,727)	342,557
(Loss) earnings per share (Saudi Riyals) – Basic and diluted	5	(0.70)	0.45	(4.39)	0.39

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

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

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2020	2019	2020	2019
(Loss) profit after Zakat and tax	(609,803)	394,166	(3,841,727)	342,557
Remeasurement loss on defined benefit plan	-	-	-	-
Items that will not be reclassified to statement of profit or loss in subsequent periods	-	-	-	-
Total comprehensive (loss) income for the period	(609,803)	394,166	(3,841,727)	342,557

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

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

		September 30,	December 31,
	Notes	2020	2019
		(Unaudited)	(Audited)
Assets			
Non-current assets			
Property, plant and equipment	6	46,530,719	46,110,807
Right-of-use assets	7	11,522,708	12,039,098
Intangible assets		448,870	494,307
Long-term loans	8	3,105,036	3,449,675
Investment	8	16,412	16,412
Deferred tax asset		384,879	399,086
		62,008,624	62,509,385
Current assets			
Inventories		2,966,774	3,406,225
Trade receivables	8	3,679,898	5,364,086
Current portion of long-term loans	8	468,645	450,318
Prepayments and other receivables		1,044,113	1,983,548
Cash and cash equivalents		1,186,957	316,086
		9,346,387	11,520,263
Total assets		71,355,011	74,029,648
Equity and liabilities			
Equity			
Share capital	9	8,760,000	8,760,000
Statutory reserve	10	252,134	252,134
Employees' share ownership plan		(4,695)	(4,813)
(Accumulated loss) retained earnings		(2,807,641)	1,034,086
Total equity		6,199,798	10,041,407
Non-current liabilities			
Loans, borrowings and other long-term liability	8	32,763,258	23,638,023
Lease liabilities	7	11,345,523	11,750,600
Employees' benefits		715,044	653,504
		44,823,825	36,042,127
Current liabilities			
Current maturity of loans and borrowings	8	5,543,476	16,816,897
Current maturity of lease liabilities	7	568,704	555,352
Trade and other payables	8	13,271,031	9,401,638
Accrued expenses and other liabilities		948,177	1,157,008
Zakat and tax payable		-	15,219
		20,331,388	27,946,114
Total liabilities		65,155,213	63,988,241
Total equity and liabilities		71,355,011	74,029,648

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

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

	Share capital	Statutory reserve	Employees' share ownership plan	(Accumulated loss) retained earnings	Total
Balance as at January 1, 2020 (Audited)	8,760,000	252,134	(4,813)	1,034,086	10,041,407
Net loss after Zakat and tax	-	-	-	(3,841,727)	(3,841,727)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss	-	-	-	(3,841,727)	(3,841,727)
Vesting of shares under employees' share ownership plan	-	-	118	-	118
Balance as at September 30, 2020 (Unaudited)	8,760,000	252,134	(4,695)	(2,807,641)	6,199,798
Balance as at January 1, 2019 (Audited)	8,760,000	249,465	(6,241)	1,538,796	10,542,020
Net profit after Zakat and tax	-	-	-	342,557	342,557
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	342,557	342,557
Vesting of shares under employees' share ownership plan	-	-	1,378	-	1,378
Income tax reimbursements	-	-	-	221,001	221,001
Balance as at September 30, 2019 (Unaudited)	8,760,000	249,465	(4,863)	2,102,354	11,106,956

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

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

	Notes	Nine-month period ended September 30,	
		2020	2019
Cash flows from operating activities			
(Loss) profit before Zakat and tax		(3,824,605)	625,819
<u>Adjustments for non-cash items</u>			
Depreciation		2,302,965	1,678,234
Financial charges		1,213,008	651,539
Financial income		(153,868)	(206,084)
Amortization		59,952	9,160
Provision for slow moving inventories		14,374	10,329
Loss on disposal of property, plant and equipment		347	672
Gain on derecognition of right-of-use assets and lease liabilities		(20)	-
		(387,847)	2,769,669
<u>Changes in working capital</u>			
Inventories		425,078	(133,382)
Trade receivables		1,684,188	(1,497,385)
Prepayments and other receivables		939,434	750,862
Trade and other payables		4,214,448	412,129
Accrued expenses and other liabilities		(228,420)	(705,000)
Employees' benefits		61,658	56,381
		6,708,539	1,653,274
Zakat and income tax paid		(18,135)	(403,838)
Interest received		137,633	186,924
Interest paid		(889,895)	(459,128)
Net cash generated from operating activities		5,938,142	977,232
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,181,008)	(2,634,914)
Net movement in long-term loans		5,063	(27,534)
Net movement in time deposits		-	1,655,605
Net cash used in investing activities		(2,175,945)	(1,006,843)
Cash flows from financing activities			
Proceeds from loans and borrowings		3,976,250	10,533,750
Repayments of loans and borrowings		(6,433,156)	(9,875,371)
Other net movement in loans, borrowings and other long-term liability		(21,963)	222,150
Repayment of lease liabilities		(412,457)	(396,596)
Dividend paid		-	(64)
Net cash (used in) generated from financing activities		(2,891,326)	483,869
Net increase in cash and cash equivalents		870,871	454,258
Cash and cash equivalents at beginning of the period		316,086	1,263,713
Cash and cash equivalents at end of the period		1,186,957	1,717,971
Supplemental schedule of non-cash information			
Zakat and income tax reimbursable from shareholders		-	221,001
Addition to property, plant and equipment through accrued expenses and other liabilities		19,589	102,980
Long-term loan repayments settled against capacity payments	8.1.1	328,819	303,717
Addition to intangible assets through property, plant and equipment	6	14,515	-
Addition to right-to-use assets	7.1	23,488	12,360,955

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

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three-month and nine-month periods ended September 30, 2020 (Unaudited)
(All amounts in thousands of Saudi Riyals unless otherwise stated)

1 General information

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

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

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

2 Basis of preparation

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

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

2.1 New standards, interpretations and amendments

Standards, interpretations and amendments issued but not yet effective

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

Standard / Interpretation	Description	Effective from periods beginning on or after the following date
IAS 39, IFRS 4, 7, 9 and 16	Interest rate benchmark reform – phase 2	January 1, 2021
IAS 37	Onerous contracts – cost of fulfilling a contract	January 1, 2022
IFRS Standards	Annual improvements to IFRS standards 2018 – 2020	January 1, 2022
IAS 16	Property, plant and equipment: proceeds before intended use	January 1, 2022
IFRS 3	Reference to the conceptual framework	January 1, 2022
IFRS 17	Insurance contracts	January 1, 2023
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	January 1, 2023
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

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

2.2 Critical accounting estimates and judgments

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

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

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2 Basis of preparation (continued)

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

3 Significant accounting policies

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

4 Segment information

4.1 Operating segment

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

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

	For the three-month period ended			For the nine-month period ended		
	Refined products	Petrochemicals	Total	Refined products	Petrochemicals	Total
September 30, 2020 (Unaudited)						
Sales – external customers	4,196,941	2,854,778	7,051,719	8,556,113	5,263,626	13,819,739
Depreciation and amortization	185,213	647,075	832,288	523,592	1,839,325	2,362,917
Operating (loss) profit	(379,365)	91,662	(287,703)	(1,413,055)	(1,352,410)	(2,765,465)

	For the three-month period ended			For the nine-month period ended		
	Refined products	Petrochemicals	Total	Refined products	Petrochemicals	Total
September 30, 2019 (Unaudited)						
Sales – external customers	6,930,128	1,811,979	8,742,107	20,489,401	5,712,338	26,201,739
Depreciation and amortization	139,977	419,932	559,909	421,848	1,265,546	1,687,394
Operating profit (loss)	391,073	232,143	623,216	(108,389)	1,179,663	1,071,274

September 30, 2020 (Unaudited)	Refined products	Petrochemicals	Unallocated	Total
Total assets	20,949,717	48,654,732	1,750,562	71,355,011
Total liabilities	19,301,529	44,876,228	977,456	65,155,213
Capital expenditure	887,037	1,328,075	-	2,215,112

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

The Company's revenue from external customers include Saudi Riyals 13,588 million (September 30, 2019: Saudi Riyals 25,744 million) of revenue generated from 4 customers in the period ended September 30, 2020 (September 30, 2019: 3 customers).

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4 Segment information (continued)

Geographical information for the three-month and nine-month periods ended September 30, is as follows:

Three-month period ended September 30, 2020 (Unaudited)	Middle East	Asia Pacific	Others	Total
Sales – external customers				
Refined products	4,196,941	-	-	4,196,941
Petrochemicals	190,437	2,635,044	29,297	2,854,778
Total	4,387,378	2,635,044	29,297	7,051,719
Nine-month period ended September 30, 2020 (Unaudited)	Middle East	Asia Pacific	Others	Total
Sales – external customers				
Refined products	8,556,113	-	-	8,556,113
Petrochemicals	441,123	4,739,301	83,202	5,263,626
Total	8,997,236	4,739,301	83,202	13,819,739
Three-month period ended September 30, 2019 (Unaudited)	Middle East	Asia Pacific	Others	Total
Sales – external customers				
Refined products	6,930,128	-	-	6,930,128
Petrochemicals	656,594	1,151,676	3,709	1,811,979
Total	7,586,722	1,151,676	3,709	8,742,107
Nine-month period ended September 30, 2019 (Unaudited)	Middle East	Asia Pacific	Others	Total
Sales – external customers				
Refined products	20,489,401	-	-	20,489,401
Petrochemicals	2,109,475	3,563,709	39,154	5,712,338
Total	22,598,876	3,563,709	39,154	26,201,739

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

4.2 Adjustments

Financial charges and income, Zakat and tax, cash and cash equivalents, loans and borrowings and certain assets and liabilities are not allocated to operating segments as they are managed on a Company-wide basis.

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

4.3 Reconciliation of (loss) profit

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Operating (loss) profit	(287,703)	623,216	(2,765,465)	1,071,274
Financial charges	(393,494)	(205,728)	(1,213,008)	(651,539)
Financial income	49,451	64,798	153,868	206,084
(Loss) profit before Zakat and tax	(631,746)	482,286	(3,824,605)	625,819
Zakat	-	(11,903)	(2,915)	(151,425)
Tax	21,943	(76,217)	(14,207)	(131,837)
(Loss) profit after Zakat and tax	(609,803)	394,166	(3,841,727)	342,557

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5 (Loss) earnings per share

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

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

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) profit for the period for basic and dilutive earnings per share	(609,803)	394,166	(3,841,727)	342,557
Weighted average number of shares outstanding during the period (thousands)	876,000	876,000	876,000	876,000
Adjustment for the effect of dilution in weighted average number of shares outstanding during the period due to ESOP (thousands)	221	229	221	229
Basic and diluted (loss) earnings per share	(0.70)	0.45	(4.39)	0.39

6 Property, plant and equipment

	Buildings and infrastructure	Plant, machinery and operating equipment	Vehicles and related equipment	Furniture and IT equipment	Capital projects- in- progress	Total
Cost						
January 1, 2020	10,712,035	54,296,357	43,367	561,296	2,509,072	68,122,127
Additions	-	281,714	-	-	1,918,883	2,200,597
Transfers:						
- Within property, plant and equipment (Note 6.1)	200,178	2,522,355	1,471	24,802	(2,748,806)	-
- Intangible assets	-	-	-	-	(14,515)	(14,515)
Disposals	-	(7,335)	-	-	-	(7,335)
September 30, 2020	10,912,213	57,093,091	44,838	586,098	1,664,634	70,300,874
Accumulated depreciation						
January 1, 2020	2,607,362	19,131,655	36,324	235,979	-	22,011,320
Charge for the period	184,454	1,548,209	848	32,312	-	1,765,823
Released on disposals	-	(6,988)	-	-	-	(6,988)
September 30, 2020	2,791,816	20,672,876	37,172	268,291	-	23,770,155
Carrying Value						
At September 30, 2020 (Unaudited)	8,120,397	36,420,215	7,666	317,807	1,664,634	46,530,719
At December 31, 2019 (Audited)	8,104,673	35,164,702	7,043	325,317	2,509,072	46,110,807

6.1 Planned periodic maintenance

During the nine-month period ended September 30, 2020, the Company conducted planned periodic maintenance activity for its integrated operational facilities and production plants. This planned periodic maintenance activity required shutdown of all integrated operational facilities and production plants from March 1, 2020 to April 30, 2020 and amounted to Saudi Riyals 1,234.4 million.

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(All amounts in thousands of Saudi Riyals unless otherwise stated)

7 Leases

7.1 Right-of-use assets

	Land, buildings and infrastructure	Plant and machinery	Vehicles	Total
Cost				
January 1, 2020	1,234,445	11,660,838	86,222	12,981,505
Additions	-	-	23,488	23,488
Derecognition	-	-	(6,906)	(6,906)
September 30, 2020	1,234,445	11,660,838	102,804	12,998,087
Accumulated depreciation				
January 1, 2020	197,880	716,908	27,619	942,407
Charge for the period	26,274	489,735	21,133	537,142
Released on derecognition	-	-	(4,170)	(4,170)
September 30, 2020	224,154	1,206,643	44,582	1,475,379
Carrying value				
At September 30, 2020 (Unaudited)	1,010,291	10,454,195	58,222	11,522,708
At December 31, 2019 (Audited)	1,036,565	10,943,930	58,603	12,039,098

7.2 Lease liabilities

Lease liabilities as at September 30, 2020 and December 31, 2019 are as follows:

	September 30, 2020		December 31, 2019	
	Minimum lease payments (Unaudited)	Interest (Unaudited)	Present value of minimum lease payments (Unaudited)	Present value of minimum lease payments (Audited)
Land, buildings and infrastructure	2,738,465	1,621,766	1,116,699	1,128,587
Plant and machinery	14,102,646	3,364,987	10,737,659	11,117,614
Vehicles	63,628	3,759	59,869	59,751
	16,904,739	4,990,512	11,914,227	12,305,952

The present value of minimum lease payments as at September 30, 2020 and December 31, 2019 are presented in the condensed interim statement of financial position as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Current portion	568,704	555,352
Non-current portion	11,345,523	11,750,600
	11,914,227	12,305,952

The minimum lease payments together with the present value of minimum lease payments as at September 30, 2020 and December 31, 2019 are as follows:

	September 30, 2020		December 31, 2019	
	Minimum lease payments (Unaudited)	Present value of minimum lease payments (Unaudited)	Minimum lease payments (Audited)	Present value of minimum lease payments (Audited)
Within twelve months	965,063	568,704	969,018	555,352
One to five years	3,809,428	2,394,341	3,826,524	2,340,082
More than five years	12,130,248	8,951,182	12,812,840	9,410,518
Total minimum lease payments	16,904,739	11,914,227	17,608,382	12,305,952
Less: finance charges	(4,990,512)	-	(5,302,430)	-
Present value of minimum lease payments	11,914,227	11,914,227	12,305,952	12,305,952

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7 Leases (continued)

- 7.3 During the period ended September 30, 2020, the Company's expenses relating to short-term leases and low value assets are Saudi Riyals 360 thousands (September 30, 2019: Saudi Riyals 832 thousands) and Saudi Riyals 2,548 thousands (September 30, 2019: Saudi Riyals 2,384 thousands), respectively.

8 Financial assets and financial liabilities

8.1 Financial assets measured at amortized cost

Long-term loans:

		September 30, 2020	December 31, 2019
	Notes	(Unaudited)	(Audited)
Loan to Rabigh Arabian Water and Electricity Company (RAWEC)	8.1.1	3,326,464	3,655,284
Loans to employees	8.1.2	247,217	244,709
Long-term loans		3,573,681	3,899,993
Less: current portion of long-term loans		(468,645)	(450,318)
Non-current portion of long-term loans		3,105,036	3,449,675
Trade receivables	8.1.3	3,679,898	5,364,086

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

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

The loan is settled by offsetting against monthly utilities payments to RAWEC. During the period ended September 30, 2020, loan amounting to Saudi Riyals 329 million (September 30, 2019: Saudi Riyals 304.4 million) have been offset against monthly utility payments to RAWEC amounting to Saudi Riyals 920 million (September 30, 2019: Saudi Riyals 904.9 million).

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

- 8.1.3 Trade receivables of the Company are as follows:

	September 30, 2020	December 31, 2019
	(Unaudited)	(Audited)
Trade	121,756	31,138
Less: provision for doubtful debts	(28,410)	(28,410)
	93,346	2,728
Related parties	3,586,552	5,361,358
	3,679,898	5,364,086

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8 Financial assets and financial liabilities (continued)

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

	Total	Neither past due nor impaired	Past due but not impaired					More than 24 months impaired
			Less than 6 months	6 to 12 months	12 to 18 months	18 to 24 months	More than 24 months	
Balance	3,708,308	2,888,029	749,912	32,538	6,364	1,131	1,924	28,410
Less: Loss allowance	(28,410)	-	-	-	-	-	-	(28,410)
September 30, 2020 (Unaudited)	3,679,898	2,888,029	749,912	32,538	6,364	1,131	1,924	-
December 31, 2019 (Audited)	5,364,086	4,952,175	403,011	6,527	442	-	1,931	-

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

8.2 Financial assets measured at fair value through profit and loss

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Investment in RAWEC	16,412	16,412

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

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

8.3 Financial liabilities measured at amortized cost

Loans, borrowings and other long-term liability

	Notes	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Loans from banks and financial institutions	8.3.1	31,429,372	33,379,134
Loans and facilities from founding shareholders and their affiliates	8.3.2	5,856,104	5,751,130
Other facilities	8.3.3	987,545	1,293,706
Other long-term liability	8.3.4	33,713	30,950
		38,306,734	40,454,920
Less: current portion		(5,543,476)	(16,816,897)
Non-current portion		32,763,258	23,638,023
Trade and other payables	8.3.6	13,271,031	9,401,638

8.3.1 Loans from banks and financial institutions

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

During the year ended December 31, 2015, the Company further entered into Consortium Loan Agreements with commercial banks and financial institutions for Phase II Expansion Project. The facilities available under these loan agreements amount to Saudi Riyals 30,630 million which have been utilized in full by the Company. The loan amounting to Saudi Riyals 19,380 million are repayable in semi-annual instalments from June 2019 to June 2031, whereas the equity bridge loan amounting to Saudi Riyals 11,250 million had initial maturity of July 1, 2019, which during the three-month period ended September 30, 2020, has been further rescheduled to October 1, 2022.

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8 Financial assets and financial liabilities (continued)

The aforementioned loans are denominated in US Dollar and Saudi Riyal and bear financial charges based on prevailing market rates. The loan agreements include financial and operational covenants which among other things; require certain financial ratios to be maintained. The loans are secured by property, plant and equipment, cash and cash equivalents of the Company with a carrying value of Saudi Riyals 1,187 million and Saudi Riyals 46,531 million, respectively.

8.3.2 Loans and facilities from founding shareholders and their affiliates

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

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Saudi Arabian Oil Company (Saudi Aramco)	2,287,500	2,287,500
Sumitomo Chemical Company Limited (Sumitomo Chemical)	2,287,500	2,287,500
Accumulated interest:		
Saudi Aramco	640,552	588,065
Sumitomo Chemical	640,552	588,065
	5,856,104	5,751,130

- (b) During the three-month period ended September 30, 2020, the Company entered into the following agreements:

- Revolving corporate facilities with Saudi Aramco and Sumika Finance Company Limited, a wholly owned subsidiary of Sumitomo Chemical, based on prevailing market rates. The facilities available under each of these agreements amount to Saudi Riyals 2,812.5 million (collectively Saudi Riyals 5,625 million) and are unutilized as at September 30, 2020. These facilities are secured by the promissory notes issuable by the Company in favour of each lender.
- Corporate facility agreement with Saudi Aramco. The facility available under this agreement amounts to Saudi Riyals 1,875 million and is unutilized as at September 30, 2020. The facility bears financial charges based on prevailing market rates. The facility is secured by promissory note issuable by the Company in favour of Saudi Aramco.

8.3.3 Other facilities

- (a) During the year ended December 31, 2015, the Company entered into a working capital facility of Saudi Riyals 1,875 million with a local commercial bank on prevailing market rates. During the period ended September 30, 2020, drawdowns and repayments amounting to Saudi Riyals 3,976 million and Saudi Riyals 4,292 million, respectively have been made by the Company with a closing balance of Saudi Riyals 977 million as at the statement of financial position date (December 31, 2019: Saudi Riyals 1,293 million).
- (b) The Company has a credit facility of Saudi Riyals 375 million with a local commercial bank on prevailing market rates. As at the statement of financial position date, the facility has been unutilized by the Company (December 31, 2019: Saudi Riyals Nil).

8.3.4 Other long-term liability

Other long-term liability represents withholding tax on accumulated interest on loan from Sumitomo Chemical (see Note 8.3.2 a) in accordance with Saudi Arabian Income Tax Law.

8.3.5 Loan from Saudi Industrial Development Fund (SIDF)

During the three-month period ended December 31, 2019, the Company entered into a loan agreement with SIDF to replace a portion of the loans for Phase II Expansion Project (also see Note 8.3.1). The facility available under this loan agreement amounts to Saudi Riyals 3,600 million and is unutilized as at September 30, 2020. The loan is repayable in unequal semi-annual instalments commencing from Rabi Aakhir 1443H corresponding to November 2021 to Shawwal 1453H corresponding to January 2032. Upfront fees amounting to Saudi Riyals 288 million will be deducted at the time of receipt of the loan and will be amortised over the loan term. The loan also bears a follow up fee to be paid on semi-annual basis. The loan has certain covenants which among other things requires certain financial ratios to be maintained. The loan facility is secured by a mortgage on the property, plant and equipment of the Company amounting to Saudi Riyals 7,200 million.

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8 Financial assets and financial liabilities (continued)

8.3.6 Trade and other payables

	September 30, 2020	December 31, 2019
	(Unaudited)	(Audited)
Trade payables:		
- Related parties	11,944,980	8,249,720
- Others	1,223,756	1,076,664
	13,168,736	9,326,384
Other payables – related parties (see below)	102,295	75,254
	13,271,031	9,401,638

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

9 Share capital

The Company's authorised and issued share capital of Saudi Riyals 8.76 billion at September 30, 2020 and December 31, 2019 consists of 876 million fully paid shares of Saudi Riyals 10 each. The founding shareholders of the Company are Saudi Aramco and Sumitomo Chemical and each of them hold 37.5% of the shares.

10 Statutory reserve

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

11 Zakat and Tax

11.1 Charge (income) for the period

Zakat and Tax for the three-month and nine-month periods ended September 30, is as follows:

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Zakat for the period	-	11,903	-	26,101
Income tax for the period	-	70,722	-	120,082
Deferred tax for the period (see below)	(21,943)	5,495	14,207	(15,663)
Zakat for the preceding periods	-	-	2,915	125,324
Income tax for the preceding periods	-	-	-	27,418
	(21,943)	88,120	17,122	283,262

Income tax and deferred tax for the three-month and nine-month periods ended September 30, has been recognised as follows:

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Condensed interim statement of profit or loss:				
- Income tax	-	70,722	-	147,500
- Deferred tax (see below)	(21,943)	5,495	14,207	(15,663)
	(21,943)	76,217	14,207	131,837

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11 Zakat and Tax (continued)

During the three-month period ended June 30, 2020, pursuant to the issuance of the Royal Order M/153 amending Article 2(a) of the Saudi Arabian Income Tax Law (the Order) effective from January 1, 2020, shares in the Kingdom of Saudi Arabia's resident listed companies held directly or indirectly by Saudi Aramco are subject to Zakat rather than income tax. The Company recognised Zakat and tax in the accompanying condensed interim financial statements accordingly. The adoption of the Order has resulted in reduction of deferred tax asset of Saudi Riyals 403 million relating to Saudi Aramco's owned interest.

11.2 Status of assessments

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

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

12 Related party transactions and balances

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

12.1 Transactions with related parties

Transactions with related parties arise mainly from purchases, sales of refined and petrochemical products, credit facilities, secondments and various lease arrangements and are undertaken at approved contractual terms. Significant related party transactions for the nine-month period ended September 30, are summarized as follows:

	2020	2019
	(Unaudited)	(Unaudited)
Saudi Aramco and its associated companies		
Purchase of goods including LPG shortfall	11,541,423	26,699,052
Sale of refined products and petrochemical products	11,260,914	26,644,301
Financial charges	144,856	116,470
Rentals	15,420	2,196
Secondees' costs	22,602	28,095
Service and other cost charges, net	74,286	125,672
Sumitomo Chemical and its associated companies		
Purchase of goods	71,475	187,866
Sale of petrochemical products	2,327,475	4,925,328
Financial charges	52,974	74,993
Rentals	207	199
Secondees' costs	24,066	60,402
Service and other cost charges, net	749	39,283

12.2 Balances with related parties

In addition to Trade receivables (see Note 8.1.3), loans and facilities from founding shareholders and their affiliates (see Note 8.3.2) and Trade and other payables (see Note 8.3.6), the related party transactions result in receivable and payable balances as set out in the interim statement of financial position under non-trade receivables and accrued expenses and other liabilities amounting to Saudi Riyals 7.3 million (December 31, 2019: Saudi Riyals 347.8 million) and Saudi Riyals 314 million (December 31, 2019: Saudi Riyals 198.2 million), respectively.

12.3 Transactions with key management personnel

Transactions with key management personnel on account of short-term benefits amounted to Saudi Riyals 14 million (September 30, 2019: Saudi Riyals 13.4 million) of which Saudi Riyals 7.5 million (September 30, 2019: Saudi Riyals 8.1 million) are included in secondees' costs above. The remuneration paid to directors amounted to Saudi Riyals 1.05 million (September 30, 2019: Saudi Riyals 1.05 million).

12 Related party transactions and balances (continued)

12.4 Acquisition of Rabigh Plus Tech Park

The Company is in the process of acquiring Rabigh Plus Tech Park (RPTP), a business comprising of an industrial complex adjacent to the Company's integrated refining and petrochemical complex, developed jointly by Saudi Aramco and Rabigh Conversion Industry management Services Company (RCIMS), an associated company of Sumitomo Chemical. The acquisition is planned to be executed through asset transfer agreements for the infrastructure with Saudi Aramco and RCIMS and a lease agreement with Saudi Aramco for the land on which RPTP is located. The legal formalities in this regard are under process and are expected to be completed during the year ending December 31, 2021.

13 Impacts of the Pandemic

Since early 2020, the Novel Coronavirus Pandemic (COVID-19) has spread globally across various geographies causing disruption to businesses and economic activities thereby impacting the oil prices and products demand.

Whilst it is challenging to predict the full extent and duration of business and economic impacts, the Company's management has considered the potential impacts of COVID-19 on the Company's operations and concluded that as of the issuance date of these condensed interim financial statements, no significant changes are required to the judgements and key estimates. The Company is continuously monitoring the evolving scenario and any change in the judgements and key estimates will be reflected as part of the operating results and cash flows of the future reporting periods.

14 Contingencies and commitments

- (i) As at September 30, 2020, bank guarantees and letter of credits issued on behalf of the Company amounted to Saudi Riyals 3,022 million (December 31, 2019: Saudi Riyals 1,386 million).
- (ii) As at September 30, 2020, capital commitments contracted for but not incurred amounted to Saudi Riyals 154.3 million (December 31, 2019: Saudi Riyals 1,057 million).

15 Approval and authorization for issue

These condensed interim financial statements were approved and authorized for issue by the Board Audit Committee, as delegated by the Board of Directors on Rabi Al Awal 9, 1442H (October 26, 2020).