

**SAUDI INDUSTRIAL INVESTMENT GROUP  
COMPANY AND ITS SUBSIDIARY  
(A Saudi Joint Stock Company)**

CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS (UNAUDITED)  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS  
ENDED 30 JUNE 2021  
AND REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

**SAUDI INDUSTRIAL INVESTMENT GROUP COMPANY AND ITS SUBSIDIARY  
(A Saudi Joint Stock Company)  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**

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## Report on review of condensed consolidated interim financial statements

To the shareholders of Saudi Industrial Investment Group Company  
(A Saudi Joint Stock Company)

### Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Saudi Industrial Investment Group Company (the "Company") and its subsidiary (together the "Group") as of 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended and the condensed consolidated interim statements of changes in equity and cash flows for the six-month period ended 30 June 2021 and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

### PricewaterhouseCoopers

Ali A. Alotaibi  
License Number 379

5 August 2021



**SAUDI INDUSTRIAL INVESTMENT GROUP COMPANY AND ITS SUBSIDIARY**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated interim statement of financial position**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	As at 30 June 2021 <u>(Unaudited)</u>	As at 31 December 2020 <u>(Audited)</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	12,556,169	12,951,249
Investments in joint ventures accounted for using the equity method	6	1,518,524	1,290,946
Right-of-use assets		51,317	63,266
Other assets		125,830	135,905
<b>Total non-current assets</b>		<u>14,251,840</u>	<u>14,441,366</u>
<b>Current assets</b>			
Inventories	7	1,006,843	1,013,390
Prepayments and other current assets	8	155,588	147,621
Due from related parties	9	745,143	838,231
Trade receivables		1,210,407	784,883
Short-term deposits	10	375,500	-
Cash and cash equivalents	11	1,977,386	2,080,971
<b>Total current assets</b>		<u>5,470,867</u>	<u>4,865,096</u>
<b>Total assets</b>		<u>19,722,707</u>	<u>19,306,462</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	12	4,500,000	4,500,000
Statutory reserve		906,301	906,301
Retained earnings		1,591,034	1,005,359
Equity attributable to the shareholders of Saudi Industrial Investment Group Company		<u>6,997,335</u>	<u>6,411,660</u>
Non-controlling interests		<u>7,647,554</u>	<u>8,221,670</u>
<b>Total equity</b>		<u>14,644,889</u>	<u>14,633,330</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	13	1,121,310	1,493,854
Lease liabilities		34,532	42,244
Deferred tax liabilities - net		318,833	298,696
Employee benefit obligations		353,256	330,416
<b>Total non-current liabilities</b>		<u>1,827,931</u>	<u>2,165,210</u>

*(Continued)*

**SAUDI INDUSTRIAL INVESTMENT GROUP COMPANY AND ITS SUBSIDIARY**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated interim statement of financial position** (continued)  
 (All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	As at 30 June 2021 <u>(Unaudited)</u>	As at 31 December 2020 <u>(Audited)</u>
<b>Current liabilities</b>			
Trade payables		254,567	300,975
Due to related parties	9	1,043,325	198,884
Accrued and other liabilities	14	390,533	392,367
Dividends payable	18	225,000	225,000
Zakat and income tax	15	579,303	624,255
Current portion of long-term borrowings	13	744,475	743,254
Current portion of lease liabilities		<u>12,684</u>	<u>23,187</u>
<b>Total current liabilities</b>		<u><b>3,249,887</b></u>	<u>2,507,922</u>
<b>Total liabilities</b>		<u><b>5,077,818</b></u>	<u>4,673,132</u>
<b>Total equity and liabilities</b>		<u><b>19,722,707</b></u>	<u>19,306,462</u>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**SAUDI INDUSTRIAL INVESTMENT GROUP COMPANY AND ITS SUBSIDIARY**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated interim statement of profit or loss and other comprehensive income**

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Revenue from contracts with customers	9, 20	2,455,720	1,407,060	4,583,659	2,979,982
Cost of revenues	9, 20	(1,457,266)	(1,528,753)	(2,901,985)	(2,854,841)
<b>Gross profit (loss)</b>		<b>998,454</b>	<b>(121,693)</b>	<b>1,681,674</b>	<b>125,141</b>
Selling and distribution expenses	9	(119,913)	(82,949)	(227,933)	(167,496)
General and administrative expenses	9	(47,339)	(45,149)	(85,018)	(90,693)
Share of net profit (loss) of joint ventures accounted for using the equity method		226,020	52,714	386,953	(136,596)
<b>Operating profit (loss)</b>		<b>1,057,222</b>	<b>(197,077)</b>	<b>1,755,676</b>	<b>(269,644)</b>
Finance costs		(8,047)	(14,498)	(16,375)	(41,460)
Finance income		4,534	3,369	6,925	22,028
Finance costs - net		(3,513)	(11,129)	(9,450)	(19,432)
Other income - net		6,326	2,418	(2,593)	4,495
<b>Profit (loss) before zakat and income tax</b>		<b>1,060,035</b>	<b>(205,788)</b>	<b>1,743,633</b>	<b>(284,581)</b>
Zakat credit (expense)		44,609	(32,260)	7,724	(62,883)
Income tax expense		(66,631)	(19,509)	(103,144)	(23,344)
<b>Profit (loss) for the period</b>		<b>1,038,013</b>	<b>(257,557)</b>	<b>1,648,213</b>	<b>(370,808)</b>
<b>Other comprehensive income for the period</b>		-	-	-	-
<b>Total comprehensive income (loss) for the period</b>		<b>1,038,013</b>	<b>(257,557)</b>	<b>1,648,213</b>	<b>(370,808)</b>
<b>Profit (loss) for the period is attributable to:</b>					
Shareholders of Saudi Industrial Investment Group Company		505,262	(54,935)	810,675	(228,849)
Non-controlling interests		532,751	(202,622)	837,538	(141,959)
		<b>1,038,013</b>	<b>(257,557)</b>	<b>1,648,213</b>	<b>(370,808)</b>
<b>Total comprehensive income (loss) for the period is attributable to:</b>					
Shareholders of Saudi Industrial Investment Group Company		505,262	(54,935)	810,675	(228,849)
Non-controlling interests		532,751	(202,622)	837,538	(141,959)
		<b>1,038,013</b>	<b>(257,557)</b>	<b>1,648,213</b>	<b>(370,808)</b>
<b>Earnings (loss) per share</b>					
Basic and diluted	17	1.12	(0.12)	1.80	(0.51)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**SAUDI INDUSTRIAL INVESTMENT GROUP COMPANY AND ITS SUBSIDIARY**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated interim statement of changes in equity**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Attributable to the shareholders of Saudi Industrial Investment Group Company			Total	Non- controlling interests	Total equity
		Share capital	Statutory reserve	Retained earnings			
<b>At 1 January 2020 (Audited)</b>		4,500,000	897,136	1,396,789	6,793,925	8,174,422	14,968,347
Loss for the period		-	-	(228,849)	(228,849)	(141,959)	(370,808)
Other comprehensive income for the period		-	-	-	-	-	-
<b>Total comprehensive loss for the period</b>		-	-	(228,849)	(228,849)	(141,959)	(370,808)
<b>Transactions with shareholders in their capacity as shareholders:</b>							
Reimbursement of income tax	9	-	-	-	-	24,276	24,276
Dividends	18	-	-	(225,000)	(225,000)	(172,500)	(397,500)
		-	-	(225,000)	(225,000)	(148,224)	(373,224)
<b>At 30 June 2020 (Unaudited)</b>		<b>4,500,000</b>	<b>897,136</b>	<b>942,940</b>	<b>6,340,076</b>	<b>7,884,239</b>	<b>14,224,315</b>
<b>At 1 January 2021 (Audited)</b>		4,500,000	906,301	1,005,359	6,411,660	8,221,670	14,633,330
Profit for the period		-	-	810,675	810,675	837,538	<b>1,648,213</b>
Other comprehensive income for the period		-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	810,675	810,675	837,538	<b>1,648,213</b>
<b>Transactions with shareholders in their capacity as shareholders:</b>							
Reimbursement of income tax	9	-	-	-	-	21,871	<b>21,871</b>
Repatriation of share capital in an indirect subsidiary	9	-	-	-	-	(1,187,900)	<b>(1,187,900)</b>
Dividends	18	-	-	(225,000)	(225,000)	(245,625)	<b>(470,625)</b>
		-	-	(225,000)	(225,000)	(1,411,654)	<b>(1,636,654)</b>
<b>At 30 June 2021 (Unaudited)</b>		<b>4,500,000</b>	<b>906,301</b>	<b>1,591,034</b>	<b>6,997,335</b>	<b>7,647,554</b>	<b>14,644,889</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**SAUDI INDUSTRIAL INVESTMENT GROUP COMPANY AND ITS SUBSIDIARY**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated interim statement of cash flows**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the six-month period ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)
<b>Cash flows from operating activities</b>			
Profit (loss) before zakat and income tax		1,743,633	(284,581)
<u>Adjustments for:</u>			
Depreciation		437,664	443,314
Impairment of property, plant and equipment		-	389,969
Gain on disposals of property and equipment		(165)	(55)
Share of net (profit) loss of joint ventures accounted for using the equity method		(386,953)	136,596
Finance costs - net		9,450	19,432
Gain on modification of subordinated loan from a related party		-	(765)
Provision for employee benefit obligations		26,079	20,529
<u>Changes in operating assets and liabilities:</u>			
Decrease (increase) in inventories		6,547	(6,598)
(Increase) decrease in prepayments and other assets		(4,723)	13,017
Decrease in due from related parties		93,088	146,586
(Increase) decrease in trade receivables		(425,524)	211,466
Increase in trade payables		(46,408)	(119,207)
Increase (decrease) in due to related parties		56,854	(85,255)
(Decrease) increase in accrued and other liabilities		(3,545)	110,639
Cash generated from operations		1,505,997	995,087
Finance costs paid		(12,698)	(31,016)
Finance income received		1,743	19,354
Zakat and income tax paid		(108,222)	(24,276)
Employee benefit obligations paid		(3,239)	(1,834)
Dividends received from joint ventures		159,375	-
<b>Net cash inflow from operating activities</b>		<b>1,542,956</b>	<b>957,315</b>
<b>Cash flows from investing activities</b>			
Payments for purchases of property, plant and equipment	5	(28,924)	(7,704)
Proceeds from disposals of property and equipment		165	55
Placements in short-term deposits		(375,500)	-
<b>Total cash outflow from investing activities</b>		<b>(404,259)</b>	<b>(7,649)</b>

*(Continued)*



**SAUDI INDUSTRIAL INVESTMENT GROUP COMPANY AND ITS SUBSIDIARY**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated interim statement of cash flows** (continued)  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the six-month period ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)
<b>Cash flows from financing activities</b>			
Proceeds from long-term borrowings		-	2,980,500
Repayments of long-term borrowings		<b>(375,000)</b>	(5,024,038)
Repayment of subordinated loan from a related party		-	(76,043)
Dividends paid	18	<b>(225,000)</b>	(337,500)
Principal elements of lease payments		<b>(18,215)</b>	(6,961)
Repatriation of share capital in an indirect subsidiary to a related party	9	<b>(400,313)</b>	-
Dividends paid by subsidiaries to non-controlling interests		<b>(245,625)</b>	(172,500)
Income tax reimbursed by a related party	9	<b>21,871</b>	24,276
<b>Net cash outflow from financing activities</b>		<b>(1,242,282)</b>	(2,612,266)
<b>Net decrease in cash and cash equivalents</b>		<b>(103,585)</b>	(1,662,600)
Cash and cash equivalents at beginning of the period		<b>2,080,971</b>	3,658,384
<b>Cash and cash equivalents at end of the period</b>	11	<b>1,977,386</b>	1,995,784
<b>Non-cash investing and financing activities:</b>			
Reduction in share capital of an indirect subsidiary adjusted against due to related parties	1	<b>1,187,900</b>	-
Dividends payable		<b>225,000</b>	225,000
Amortization of transaction costs		<b>3,677</b>	4,983
Accrued capital expenditure		<b>1,711</b>	(289)
Reduction in share capital of joint ventures adjusted against due from related parties		-	702,500
Accrued finance cost on subordinated loan from a related party		-	2,707

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**SAUDI INDUSTRIAL INVESTMENT GROUP COMPANY AND ITS SUBSIDIARY  
(A Saudi Joint Stock Company)**

**Notes to the condensed consolidated interim financial statements (Unaudited)**

**For the three-month and six-month periods ended 30 June 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

**1 General information**

Saudi Industrial Investment Group Company (the “Company”) is a Saudi joint stock company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration (“CR”) number 1010139946 dated on 10 Shaban 1416 H (corresponding to 1 January 1996). The registered address of the Company is P.O. Box 99833, Riyadh, Kingdom of Saudi Arabia.

The accompanying condensed consolidated interim financial statements include the activities of the Company and its following direct subsidiary and the two indirect subsidiaries (together the “Group”):

	Country of incorporation	Effective ownership percentage at	
		30 June 2021	31 December 2020
National Petrochemical Company (a Saudi joint stock company) (“Petrochem”)	Kingdom of Saudi Arabia	50%	50%
<u>The subsidiaries of Petrochem are as follows:</u>			
Saudi Polymers Company (a limited liability company) (“SPCO”)	Kingdom of Saudi Arabia	65%	65%
Gulf Polymers Distribution Company FZCO (a free zone limited liability company) (“GPDC”)	United Arab Emirates	65%	65%

The Company is principally engaged in the development of the industrial base in the Kingdom of Saudi Arabia, in particular the petrochemical industries and opening the fields of export to foreign markets and to allow the private sector to enter the other industries using the products of the petrochemical industry after obtaining the necessary licenses from the competent authorities.

Petrochem is a Saudi joint stock company registered under CR number 1010246363 issued in Riyadh on 8 Rabi Al Awwal 1429 H (corresponding to 16 March 2008), and it was established pursuant to the Ministry of Commerce’s resolution number 53/Q dated 16 Safar 1429 H (corresponding to 23 February 2008).

SPCO is a limited liability company registered in Jubail, Saudi Arabia under CR number 2055008886 dated 29 Dhul-Qadah 1428H (corresponding to 9 December 2007), with a branch in Jubail under Commercial Registration number 2055009065.

During 2019, the shareholders of SPCO resolved to decrease the share capital of SPCO from Saudi Riyals 4.8 billion to Saudi Riyals 1.4 billion. The legal formalities in relation to this matter were completed during the six-month period ended 30 June 2021. The balance of reduction in share capital attributable to Arabian Chevron Phillips Petrochemical Company Limited (“ACPPCL”) (the non-controlling interest of SPCO) is payable on demand, dependent on its financial capabilities, and is treated as a current liability in SPCO’s financial statements (also see Note 9).

GPDC was formed in the Dubai Airport Free Zone on 15 February 2011 as per DAFZA trade license. The registered address of GPDC is Dubai Airport Free Zone, Office No.6EA 420, Dubai, United Arab Emirates.

During the six-month period ended 30 June 2021, the Group has experienced a favorable change in the prices of most of its products, primarily due to the recovery of conditions in key markets and countries where the Group sells its products. The favorable change in prices of such products has resulted in an increase in revenue and profitability for the six-month period ended 30 June 2021. However, the market conditions remain volatile and management continues to monitor the situation closely.

The Group’s management has also assessed other impacts of COVID-19 on its operations and continues to take preventative measures to ensure the health and safety of its employees and minimize the impact of the pandemic on its operations. However, as the situation is fluid and evolving, management continues to monitor and is taking necessary steps to ensure the continuity of its operations.

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Notes to the condensed consolidated interim financial statements (Unaudited)  
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(All amounts in Saudi Riyals thousands unless otherwise stated)**

**1 General information (continued)**

*Proposed merger*

On 15 September 2020, the Board of Directors of the Company, approved the decision to initiate discussions with Petrochem to study the economic feasibility of merging the two related parties (the "Proposed Transaction").

During the six-month period ended 30 June 2021, the Company announced the completion of the initial economic feasibility study, on the basis of which the Company and Petrochem decided to commence reciprocal due diligence, negotiate the terms and conditions of the Proposed Transaction and initiate sharing of information between them.

The Company and Petrochem aim to satisfy the requirements applicable to the Proposed Transaction within 2021 and to present the Proposed Transaction to their respective shareholders in accordance with applicable laws and regulations. The completion of the Proposed Transaction is subject to a number of conditions which include obtaining approvals from the relevant authorities.

The Company and Petrochem are not under an obligation to proceed with the Proposed Transaction. Therefore, the commencement of due diligence does not necessarily mean that the Company and Petrochem will reach a final and binding agreement in relation to the Proposed Transaction or that the Proposed Transaction will be completed.

The condensed consolidated interim financial statements including notes and other explanatory information were approved and authorized for issue on 4 August 2021.

**2 Accounting policies**

The principal accounting policies applied in the preparation of the condensed consolidated interim financial statements of the Group are consistent with those of the previous financial year and corresponding interim reporting periods.

**2.1 Basis of preparation**

*(a) Statement of compliance*

These condensed consolidated interim financial statements of the Group have been prepared in compliance with IAS 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 condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements. Accordingly, these condensed consolidated interim financial statements are to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020.

*(b) Historical cost convention*

The condensed consolidated interim financial statements are prepared under the historical cost convention, except as explained in the relevant accounting policies in the annual financial statements for the year ended 31 December 2020.

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

**2 Accounting policies (continued)**

**2.1 Basis of preparation (continued)**

*(c) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). Both SPCO and GPDC are translated in the condensed consolidated interim financial statements from United States Dollar to Saudi Riyal on a fixed rate of Saudi Riyal 3.75 to United States Dollar 1. All values are rounded to the nearest Saudi Riyal thousands, except when otherwise indicated. The condensed consolidated interim financial statements are presented in Saudi Riyals, which is also the Company's functional currency. The Saudi Riyal is pegged to the United States Dollar and, accordingly, the management of the Group believes that the currency risk from United States Dollar denominated financial instruments is not significant.

*(d) New standards and amendment to standards and interpretation*

There are no new standards applicable to the Group, however, certain amendments to standards became applicable for the current reporting period. The Group has applied the following amendments to the standards for the first time for their reporting periods commencing on or after 1 January 2021:

*IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest rate benchmark reform - Phase 2*

Phase 1 of these amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that Interbank Offered Rate ("IBOR") reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the condensed consolidated interim statement of profit or loss and other comprehensive income.

The Phase 2 amendments require an entity to:

- account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate without the recognition of an immediate gain or loss (also see Note 13);
- prospectively cease to apply the Phase 1 reliefs to a noncontractually specified risk component at the earlier of when changes are made to the non-contractually specified risk component, or when the hedging relationship is discontinued.

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments to standards.

*(e) Standards issued but not yet effective*

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

**2.2 Basis of consolidation and equity accounting**

*(a) Subsidiaries*

The condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiary as at 30 June 2021. Subsidiaries are entities controlled by the Group. Controls exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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(A Saudi Joint Stock Company)  
Notes to the condensed consolidated interim financial statements (Unaudited)  
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(All amounts in Saudi Riyals thousands unless otherwise stated)**

**2 Accounting policies (continued)**

**2.2 Basis of consolidation and equity accounting (continued)**

*(a) Subsidiaries (continued)*

Specifically, the Group controls an investee if, and only if, the Group has all of the following three elements:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intra-group investments, transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. The accounting policies of the subsidiaries are consistent with those adopted by the Group.

Non-controlling interests in the results and equity of not wholly owned subsidiaries are shown separately in the condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of financial position, respectively.

*(b) Investments in joint ventures*

A joint venture is a type of joint arrangement where the Group has a contractual arrangement (rights and obligations) in place, with one or more parties, to undertake activities typically, however not necessarily, through a legal entity that is subject to joint control.

Interests in joint ventures are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The consolidated financial statements include the Group's share of the post-acquisition profits or losses of the investee in the profit or loss; and the Group's share of movements in other comprehensive income of the investee in the other comprehensive income, after adjustments to align the accounting policies with those of the Group. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment when the right to receive a dividend is established.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**3 Fair value of assets and liabilities**

As at 30 June 2021 and 31 December 2020, the fair values of the Group's financial instruments are estimated to approximate their carrying values since the financial instruments are short-term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realized at their current carrying values within twelve months from the date of condensed consolidated interim statement of financial position. The fair values of the non-current financial instruments are estimated to approximate their carrying values as these are determined through cash flows discounted using interest rates which are based on prevailing market interest rates.

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**4 Critical accounting estimates and judgements**

The preparation of condensed consolidated interim financial statements requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no significant changes in critical accounting estimates and judgements used by management in the preparation of the condensed consolidated interim financial statements from those that were applied and disclosed in the annual consolidated financial statements for the year ended 31 December 2020.

However, as explained in Note 1, the Group's management has proactively assessed the potential impact of the COVID-19 pandemic for any further regulatory and government restrictions both locally and in the markets in which the Group operates that could adversely affect the Group's supply chain, production capabilities, demand of its products, as well as the sales distribution network that could cause a negative impact on the financial performance. Management has concluded that the Group's critical accounting judgements, estimates and assumptions remain appropriate under the current circumstances for the purpose of preparation of these condensed consolidated interim financial statements. Further, as the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

**5 Property, plant and equipment**

	<b>1 January 2021</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>30 June 2021</b>
<b>Cost</b>					
Office buildings	687,762	-	-	-	<b>687,762</b>
Plant, machinery and equipment	19,508,574	13,879	-	8,302	<b>19,530,755</b>
Furniture and office equipment	189,855	62	(11,915)	-	<b>178,002</b>
Vehicles	29,097	-	(1,504)	-	<b>27,593</b>
Catalysts	18,877	-	-	-	<b>18,877</b>
Capital work-in-progress	56,201	16,694	-	(8,302)	<b>64,593</b>
	<u>20,490,366</u>	<u>30,635</u>	<u>(13,419)</u>	<u>-</u>	<u><b>20,507,582</b></u>
<b>Accumulated depreciation</b>					
Office buildings	(226,283)	(13,914)	-	-	<b>(240,197)</b>
Plant, machinery and equipment	(7,119,186)	(408,469)	-	-	<b>(7,527,655)</b>
Furniture and office equipment	(165,287)	(3,038)	11,915	-	<b>(156,410)</b>
Vehicles	(28,361)	(294)	1,504	-	<b>(27,151)</b>
	<u>(7,539,117)</u>	<u>(425,715)</u>	<u>13,419</u>	<u>-</u>	<u><b>(7,951,413)</b></u>
<b>Net book value</b>	<u>12,951,249</u>				<u><b>12,556,169</b></u>

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**6 Investments in joint ventures accounted for using the equity method**

The Group has investments in the following joint venture limited liability companies:

	Country of incorporation	Effective ownership percentage at	
		30 June 2021	31 December 2020
Saudi Chevron Phillips Company ("SCP")	Kingdom of Saudi Arabia	50%	50%
Jubail Chevron Phillips Company ("JCP")	Kingdom of Saudi Arabia	50%	50%
Aromatics Distribution Company FZCO (a free zone limited liability company) ("ADCO")	United Arab Emirates	50%	50%

- a) SCP is principally engaged in the production of liquid fuels, basic organic chemicals, primary gases and gaseous fuels. SCP is a limited liability company registered in Jubail, Kingdom of Saudi Arabia under CR number 2055003839 dated 22 Safar 1417H (corresponding to 8 July 1996) with a branch in Jubail under CR number 2055009584.

During 2018, the shareholders of SCP resolved to decrease the share capital of SCP by Saudi Riyals 411 million through their resolution dated 4 September 2018 (corresponding to 24 Dhul Hijjah 1439H). The legal formalities in relation to this matter were completed during 2020. The reduction in share capital has been paid in full, to the shareholders of SCP as of 30 June 2021.

- b) JCP is principally engaged in the production of basic organic chemicals, propylene and liquid fuels. JCP is a limited liability company registered in Jubail, Kingdom of Saudi Arabia under CR number 2055005901 dated 25 Jumada' II 1424H (corresponding to 23 August 2003).

During 2018, the shareholders of JCP resolved to decrease the share capital of JCP by Saudi Riyals 994 million through their resolution dated 4 September 2018 (corresponding to 24 Dhul Hijjah 1439H). The legal formalities in relation to this matter were completed during 2020. The reduction in share capital is payable on demand to the shareholders of JCP, dependent on its financial capabilities, and is treated as a current liability in JCP's financial statements (also see Note 9).

- c) ADCO is principally engaged to distribute the aromatic products (styrene, cyclohexane, propane and benzene) produced by JCP and SCP. ADCO is registered in DAFZA, United Arab Emirates under license number 4105.

**7 Inventories**

	30 June 2021	31 December 2020
Spare parts and consumables	398,938	422,659
Finished goods	305,814	406,316
Catalyst, chemicals and additives	163,289	136,718
Goods-in-transit	137,149	46,099
Raw materials	1,653	1,598
	<b>1,006,843</b>	<b>1,013,390</b>

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**8 Prepayments and other current assets**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Value added tax receivable - net	<b>102,410</b>	72,829
Prepayments	<b>28,967</b>	37,984
Loans to employees	<b>13,766</b>	13,777
Advances to suppliers	<b>6,080</b>	5,111
Accrued finance income	<b>2,193</b>	2,240
Cash margin against bank guarantees	-	2,264
Advance income tax	-	12,013
Other receivables	<b>2,172</b>	1,403
	<b>155,588</b>	147,621

**9 Related party transactions and balances**

Related parties comprise the shareholders, directors, associated companies and key management personnel. Related parties also include business entities in which certain directors or senior management have an interest ("other related parties").

(a) Following are the significant transactions entered into by the Group with its related parties:

Related parties	Nature of transactions	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2021	2020	2021	2020
<b>Associated entities:</b>					
ACPPCL	<i>Reduction in share capital of SPCO</i>	<b>1,187,900</b>	-	<b>1,187,900</b>	-
SCP (Notes i and ii)	<i>Sales</i>	<b>73,319</b>	26,149	<b>129,238</b>	84,177
	<i>Purchases</i>	<b>(49,131)</b>	(53,228)	<b>(75,830)</b>	(73,254)
	<i>Support services</i>	<b>(76,859)</b>	(101,602)	<b>(153,150)</b>	(189,717)
	<i>Reduction in share capital</i>	-	-	-	205,625
JCP (Note ii)	<i>Sales</i>	<b>54,349</b>	21,688	<b>121,863</b>	94,947
	<i>Purchases</i>	<b>(271,549)</b>	(88,650)	<b>(539,106)</b>	(312,412)
	<i>Support services</i>	<b>188</b>	115	<b>360</b>	236
	<i>Reduction in share capital</i>	-	-	-	496,875
Chevron Phillips Chemical International Sales LLC ("CPCIS") (Note iii)	<i>Marketing fees</i>	<b>(87,511)</b>	(45,810)	<b>(155,946)</b>	(93,844)
	<i>Royalty</i>	<b>(12,612)</b>	(13,044)	<b>(25,148)</b>	(25,822)
	<i>Support services</i>	<b>(609)</b>	(2,968)	<b>(742)</b>	(6,227)
Chevron Phillips Chemical Global Employment Company	<i>Support services</i>	<b>(9,980)</b>	(10,296)	<b>(21,572)</b>	(22,035)
Chemical Services Inc.	<i>Support services</i>	<b>(4,613)</b>	(3,337)	<b>(9,255)</b>	(7,075)
Other affiliates	<i>Support services</i>	<b>(781)</b>	(149)	<b>(1,366)</b>	(751)



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**9 Related party transactions and balances (continued)**

- (i) SPCO has entered into a common facilities agreement with SCP pursuant to which, SCP provides support services to SPCO in operations and maintenance, management and technical support.
- (ii) SPCO, SCP and JCP jointly operate an employee savings plan for eligible employees. The contributions from the participants are deposited in a separate bank account held in the name of SCP.
- (iii) SPCO has entered into a royalty agreement with CPCIS in prior years under which CPCIS charges royalty to SPCO for the use of polymerization processes.
- (iv) During the six-month period ended 30 June 2021, the non-controlling interest of SPCO reimbursed Saudi Riyals 21.9 million (2020: Saudi Riyals 24.3 million) to compensate SPCO for cash payments made relating to its income tax liability.
- (b) *Outstanding balances arising from sales / purchases of goods and services are repayable in the ordinary course of business. Such balances do not bear any financial charges.*
- (i) Due from related parties

	<b>30 June 2021</b>	<b>31 December 2020</b>
JCP	<b>548,580</b>	542,981
SCP	<b>196,511</b>	295,201
ADCO	<b>52</b>	49
	<b>745,143</b>	<b>838,231</b>

- (ii) Due to related parties

	<b>30 June 2021</b>	<b>31 December 2020</b>
ACPPCL	<b>787,587</b>	-
JCP	<b>116,773</b>	87,188
SCP	<b>79,040</b>	73,088
CPCIS	<b>57,956</b>	37,780
Others	<b>1,969</b>	828
	<b>1,043,325</b>	<b>198,884</b>

- (c) *Key management personnel compensation*

	<b>For the three-month period ended 30 June</b>		<b>For the six-month period ended 30 June</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Salaries and other short-term employee benefits	<b>10,003</b>	9,102	<b>14,447</b>	14,595
Employee benefit obligations	<b>982</b>	577	<b>1,417</b>	1,022
	<b>10,985</b>	9,679	<b>15,864</b>	15,617

Key management personnel represent board members, directors and key personnel of the Group.

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**10 Short-term deposits**

Short-term murabaha deposits as at 30 June 2021 represent placements with commercial banks, for a period of more than three months and less than twelve months, and yield finance income at commercial rates ranging from 0.60% to 0.75% per annum.

**11 Cash and cash equivalents**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Cash at banks	487,787	905,030
Cash in hand	10	20
Short-term deposits	<b>1,489,589</b>	1,175,921
	<b>1,977,386</b>	2,080,971

Short-term deposits, at 30 June 2021, represent Murabaha and conventional deposits amounting to Saudi Riyals 1.4 billion and Saudi Riyals 100.0 million, respectively (31 December 2020: Saudi Riyals 1.1 billion and Saudi Riyals 50.0 million, respectively) and are placed with commercial banks, with a maturity period of three months or less from date of placement, and yield finance income at commercial rates ranging from 0.35% to 0.75% per annum (31 December 2020: 0.45% to 0.85% per annum).

**12 Share capital**

As at 30 June 2021, the authorized, issued and fully paid-up share capital comprised 450 million ordinary shares (31 December 2020: 450 million ordinary shares) of Saudi Riyals 10 per share.

**13 Long-term borrowings**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Local commercial banks	1,875,000	2,250,000
Less unamortized transaction costs	<b>(9,215)</b>	(12,892)
	<b>1,865,785</b>	2,237,108

Long-term borrowings are presented in the condensed consolidated interim statement of financial position as follows:

Long-term borrowings	1,121,310	1,493,854
Current portion of long-term borrowings	744,475	743,254
	<b>1,865,785</b>	2,237,108

During 2020, the Group obtained a term loan amounting to Saudi Riyals 3.0 billion from local commercial banks to re-finance and fully settle the then existing senior debts. The loan, to be repaid over 8 equal semi-annual installments beginning 30 June 2020, carries an interest rate of London Interbank Offered Rate ('LIBOR') plus 0.9% and is secured by a principal note. The portion of term loan payable beyond 30 June 2022 has been classified under non-current liabilities. The loan is denominated in United States Dollar. The covenants of the term loan require the Group to maintain certain level of financial conditions, imposes conditional limitations on shareholder distributions and certain other matters. As at 30 June 2021, the Group was in compliance with these covenants.

In July 2017, the United Kingdom Financial Conduct Authority ('FCA'), which regulates the LIBOR, announced that the interest benchmark would cease after 2021. LIBOR is one of the most common series of benchmark interest rates.

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**13 Long-term borrowings (continued)**

LIBOR reforms and expectation of cessation of LIBOR will impact the Group's current risk management strategy and, possibly, the accounting for certain financial instruments. The Group does not have any other financial instruments, other than the term loan, which are exposed to the impact of LIBOR as at 30 June 2021.

The Group is currently assessing the impact of the LIBOR reforms and determining next steps to ensure a smooth transition from LIBOR to the new benchmark rates.

**14 Accrued and other liabilities**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Accrued expenses	<b>281,338</b>	283,386
Advances from customers	<b>58,410</b>	51,300
Accrued salaries and benefits	<b>12,657</b>	23,296
Value added tax payable - net	<b>3,113</b>	2,423
Other payables	<b>35,015</b>	31,962
	<b>390,533</b>	392,367

**15 Zakat and income tax**

The Group is subject to zakat and income tax in accordance with the regulation of the Zakat, Tax and Customs Authority (the "ZATCA"). Provisions for zakat and income tax are charged to the profit or loss.

The Group's management believes that the existing provisions in the condensed consolidated interim statement of financial position are adequate to cover any additional zakat and income tax liabilities that may arise from the ZATCA.

*(a) Status of assessments of the Company*

The Company has filed its Zakat and Income Tax returns with the ZATCA up to 2020. The Company has finalised its zakat status with the ZATCA for all years up to 31 December 2006 on standalone basis.

The ZATCA raised assessments for the years from 2007 to 2014 with additional zakat liability of Saudi Riyals 42.0 million. The Company has filed an appeal against the additional zakat liability with the General Secretariat of Tax Committees (the "GSTC") and the final ruling is awaited.

During 2020, the ZATCA raised assessments for the years from 2015 to 2018 with additional zakat liability of Saudi Riyals 38.7 million. The Company filed an appeal against the additional zakat liability with the ZATCA, following which the Company received revised assessments from ZATCA reducing the additional zakat liability to Saudi Riyals 17.0 million, which the Company has settled during the six-month period ended 30 June 2021.

The assessments for 2019 and 2020 are still under the ZATCA's review.

*(b) Status of assessments of Petrochem*

Petrochem has filed its Zakat and Income Tax returns with the ZATCA up to 2020. Petrochem has finalised its zakat status with the ZATCA for all years up to 31 December 2010 on a standalone basis. A number of additional assessments have been issued by the ZATCA as follows:

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**15 Zakat and income tax (continued)**

*(b) Status of assessments of Petrochem (continued)*

The ZATCA raised assessments for the years from 2011 to 2013 with additional zakat liability of Saudi Riyals 95.5 million. Petrochem had filed an appeal against the additional zakat liability with the GSTC. During 2020, the committee at GSTC issued a final ruling in favor of the ZATCA's revised assessment, amounting to Saudi Riyals 5.7 million. Petrochem paid Saudi Riyals 3.5 million during 2020 and the remaining balance, amounting to Saudi Riyals 2.2 million, during the six-month period ended 30 June 2021.

The ZATCA raised assessments for the years from 2014 to 2016 with additional zakat liability of Saudi Riyals 204.2 million. Petrochem had filed an appeal against the additional zakat liability to the ZATCA, following which the case had been escalated to the GSTC. During the six-month period ended 30 June 2021, the Committee for Resolution of Tax Violations and Disputes (the first level of the GSTC) issued its ruling, with accepting Petrochem's appealed items partially and, accordingly, the zakat liability for such years has been reduced to Saudi Riyals 92.5 million. Petrochem and ZATCA, both, have filed an appeal to the Appellate Committee for Tax Violations and Disputes Resolution (the final level of GSTC) and the ruling is awaited.

During 2020, the ZATCA raised assessments for the years 2017 and 2018 with additional zakat liability of Saudi Riyals 128.9 million. Petrochem has filed an appeal against the additional zakat liability with the GSTC and the final ruling is awaited.

The assessments for 2019 and 2020 are still under the ZATCA's review.

*(c) Status of assessments of SPCO*

SPCO has filed its zakat and income tax returns with the ZATCA up to 2020. The assessment for the period ended 31 December 2008 has been finalised with the ZATCA with no additional liability. The assessments for the years from 2009 through 2014 and 2016 through 2020 have not yet been raised by the ZATCA.

During the six-month period ended 30 June 2021, ZATCA raised assessment for the year 2015 with additional zakat, income tax and delay fine liability of Saudi Riyals 6.9 million, Saudi Riyals 29.5 million and Saudi Riyals 17.7 million, respectively. The Company has filed an appeal with the ZATCA, against the additional zakat, income tax and delay fine liability, requesting them to issue revised assessments based on their contentions in such appeal and correction of material errors and a decision is currently awaited.

Zakat base has been computed based on the managements' understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The zakat regulations in Saudi Arabia are subject to different interpretations. The assessments to be raised by the ZATCA could be different from the declarations filed by the companies in Saudi Arabia.

*(d) Status of assessments of GPDC*

GPDC is registered in the Dubai Airport Free Zone and is exempted from income tax.

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**16 Segment reporting**

In respect of performance appraisal and allocation of resources, the Group's management is of the opinion that all activities and operations of the Group comprises a single operating segment which is the petrochemical sector. Therefore, financial reports are issued only for geographical segments.

Operating assets are located in the Kingdom of Saudi Arabia. The sales are geographically distributed as follows:

	<b>For the three-month period ended 30 June</b>		<b>For the six-month period ended 30 June</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Domestic/Middle East	<b>26%</b>	28%	<b>27%</b>	30%
Asia	<b>45%</b>	49%	<b>45%</b>	47%
Europe/Africa	<b>29%</b>	23%	<b>28%</b>	23%
	<b>100%</b>	100%	<b>100%</b>	100%

**17 Basic and diluted earnings (loss) per share**

Basic earnings (loss) per share is calculated by dividing the earnings (loss) for the period attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during the period. As the Company does not have any dilutive potential shares, the diluted earnings (loss) per share is the same as the basic earnings (loss) per share.

	<b>For the three-month period ended 30 June</b>		<b>For the six-month period ended 30 June</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Earnings (loss) for the period	<b>505,262</b>	(54,935)	<b>810,675</b>	(228,849)
Weighted average number of ordinary shares used in calculating basic and diluted earnings (loss) per share	<b>450,000</b>	450,000	<b>450,000</b>	450,000
Earnings (loss) per share	<b>1.12</b>	(0.12)	<b>1.80</b>	(0.51)

**18 Dividends**

During the six-month period ended 30 June 2021, the Company's shareholders approved dividends amounting to Saudi Riyals 225.0 million (Saudi Riyals 0.50 per share), which are payable at 30 June 2021 and also paid dividends amounting to Saudi Riyals 225.0 million (Saudi Riyals 0.5 per share), which were declared and approved in 2020 (30 June 2020: Saudi Riyals 225.0 million (Saudi Riyals 0.5 per share) which were payable at 30 June 2020 and paid dividends amounting to Saudi Riyals 337.5 million (Saudi Riyals 0.75 per share) which were declared and approved in 2019).

Furthermore, during the six-month period ended 30 June 2021, the shareholders of Petrochem and GPDC approved dividends amounting to Saudi Riyals 360.0 million and Saudi Riyals 187.5 million, respectively, which were fully paid during the period (30 June 2020: Saudi Riyals 240.0 million and Saudi Riyals 150.0 million, respectively, which were fully paid during the period).

**19 Contingencies and commitments**

- (i) At 30 June 2021, the Group was contingently liable for bank guarantees issued relating to uplift of feedstock for plant from a supplier amounting to Saudi Riyals 458.8 million (31 December 2020: Saudi Riyals 458.8 million) and other bank guarantees issued in the normal course of business amounting to Saudi Riyals 4.0 million (31 December 2020: Saudi Riyals 11.2 million).
- (ii) The capital expenditure approved by the Board of Directors, for the next 12 months, as at 30 June 2021 was approximately Saudi Riyals 105.5 million (31 December 2020: Saudi Riyals 134.3 million).

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**20 Comparative figures**

For the three-month and six-month periods ended 30 June 2020, the managements of GPDC and SPCO recorded freight costs as incidental costs necessary to satisfy performance obligations with its customers. As a result, freight costs were netted-off against the "Revenue from contracts with customers" line item in the condensed consolidated interim statement of profit or loss and other comprehensive income. The managements of GPDC and SPCO re-assessed this practice and concluded that freight costs were not incidental costs and, instead, were incurred in order to satisfy the performance obligation with its customers. As a consequence, management has reclassified such freight costs from "Revenue from contracts with customers" to "Cost of revenues" as summarized below. This reclassification has had no impact on the gross loss, operating loss, loss for the period, basic and diluted loss per share or any condensed consolidated interim statement of financial position line items.

	<u>As previously reported</u>	<u>Reclassification</u>	<u>As reclassified</u>
<b>Condensed consolidated interim statement of profit or loss and other comprehensive income</b>			
<b>For the six-month period ended 30 June 2020</b>			
Revenue from contracts with customers	2,861,171	118,811	2,979,982
Cost of revenues	(2,736,030)	(118,811)	(2,854,841)
Gross profit	<u>125,141</u>	<u>-</u>	<u>125,141</u>
<b>For the three-month period ended 30 June 2020</b>			
Revenue from contracts with customers	1,345,883	61,177	1,407,060
Cost of revenues	(1,467,576)	(61,177)	(1,528,753)
Gross loss	<u>(121,693)</u>	<u>-</u>	<u>(121,693)</u>