

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

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

**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**

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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF  
YANBU NATIONAL PETROCHEMICAL COMPANY (YANSAB) - (A SAUDI JOINT STOCK COMPANY)**

**Introduction**

We have reviewed the accompanying interim condensed statement of financial position of Yanbu National Petrochemical Company (YANSAB) - (a Saudi Joint Stock Company) (the "Company") as at 30 September 2021, and the related interim condensed statements of income and comprehensive income, for the three-month and nine-month periods ended 30 September 2021, and the related interim condensed statements of changes in equity and cash flows for the nine-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**Scope of review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young



Abdullah Ali AlMakrami  
Certified Public Accountant  
License No. 476

14 Rabi' I 1443H  
20 October 2021G

Jeddah



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

## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

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

		30 September 2021 (Unaudited)	31 December 2020 (Audited)
	Note		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	10,338,869	11,078,498
Right-of-use assets		128,733	147,201
Intangible assets		19,517	26,176
Other non-current assets		222,650	149,809
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,709,769</b>	<b>11,401,684</b>
<b>CURRENT ASSETS</b>			
Inventories		937,856	808,412
Trade receivables		2,091,751	1,792,691
Prepayments and other current assets		351,229	302,013
Short-term investments	5	3,078,600	3,015,200
Cash and cash equivalents		101,547	19,758
<b>TOTAL CURRENT ASSETS</b>		<b>6,560,983</b>	<b>5,938,074</b>
<b>TOTAL ASSETS</b>		<b>17,270,752</b>	<b>17,339,758</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	6	5,625,000	5,625,000
Statutory reserve		1,687,500	1,687,500
Actuarial reserve		(137,993)	(155,423)
Retained earnings		7,477,943	7,828,380
<b>TOTAL EQUITY</b>		<b>14,652,450</b>	<b>14,985,457</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		109,297	127,153
Employee benefits	7	1,121,071	887,758
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,230,368</b>	<b>1,014,911</b>
<b>CURRENT LIABILITIES</b>			
Lease liabilities – current portion		19,554	19,295
Trade payables		533,168	589,661
Accruals and other current liabilities	8	674,936	593,973
Zakat payable	9	160,276	136,461
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,387,934</b>	<b>1,339,390</b>
<b>TOTAL LIABILITIES</b>		<b>2,618,302</b>	<b>2,354,301</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17,270,752</b>	<b>17,339,758</b>

The attached notes from 1 to 17 form an integral part of these interim condensed financial statements.

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

## INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2021

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

		<i>Three-month period ended</i> <i>30 September</i>		<i>Nine-month period ended</i> <i>30 September</i>	
	<i>Note</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Revenue from contracts with customers		<b>1,779,606</b>	1,440,728	<b>5,485,618</b>	3,656,362
Cost of revenue		<b>(1,435,996)</b>	(1,163,518)	<b>(3,838,431)</b>	(3,042,774)
<b>GROSS PROFIT</b>		<b>343,610</b>	277,210	<b>1,647,187</b>	613,588
Selling and distribution expenses		<b>(31,250)</b>	(17,919)	<b>(83,267)</b>	(54,218)
General and administrative expenses		<b>(96,956)</b>	(58,249)	<b>(295,191)</b>	(203,054)
<b>INCOME FROM MAIN OPERATIONS</b>		<b>215,404</b>	201,042	<b>1,268,729</b>	356,316
Finance income		<b>4,970</b>	9,118	<b>16,522</b>	43,112
Finance costs, net		<b>(7,488)</b>	(6,420)	<b>(21,350)</b>	(18,362)
Other income, net		<b>9,312</b>	15,945	<b>84,375</b>	45,822
<b>INCOME BEFORE ZAKAT</b>		<b>222,198</b>	219,685	<b>1,348,276</b>	426,888
Zakat	9	<b>(42,418)</b>	(24,051)	<b>(151,838)</b>	(81,968)
<b>NET INCOME FOR THE PERIOD</b>		<b>179,780</b>	195,634	<b>1,196,438</b>	344,920
<b>Earnings per share (EPS)</b>					
Basic and diluted earnings per share attributable to ordinary equity holders of the Company (Saudi Riyals)	10	<b>0.32</b>	0.35	<b>2.13</b>	0.61

The attached notes from 1 to 17 form an integral part of these interim condensed financial statements.

**Yanbu National Petrochemical Company (YANSAB) - A Saudi Joint Stock Company**  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
For the three-month and nine-month periods ended 30 September 2021  
(All amounts in Saudi Riyals ‘000 unless otherwise stated)

		<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
		<i>30 September</i>		<i>30 September</i>	
	<i>Note</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Net income for the period		<b>179,780</b>	195,634	<b>1,196,438</b>	344,920
<b>Other comprehensive income</b>					
<i>Items not to be reclassified to statement of income in subsequent periods:</i>					
Re-measurement (loss)/gain on defined benefit plans	7	<b>(12,297)</b>	(17,392)	<b>17,430</b>	(44,799)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>167,483</b>	178,242	<b>1,213,868</b>	300,121

The attached notes from 1 to 17 form an integral part of these interim condensed financial statements.

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

## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine-month period ended 30 September 2021

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

	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Actuarial reserve</i>	<i>Retained earnings</i>	<i>Total</i>
Balance as at 1 January 2020	5,625,000	1,687,500	(7,994)	8,838,306	16,142,812
Net income for the period	-	-	-	344,920	344,920
Other comprehensive loss for the period	-	-	(44,799)	-	(44,799)
Total comprehensive income for the period	-	-	(44,799)	344,920	300,121
Dividends (note 15)	-	-	-	(1,687,500)	(1,687,500)
Balance as at 30 September 2020	<u>5,625,000</u>	<u>1,687,500</u>	<u>(52,793)</u>	<u>7,495,726</u>	<u>14,755,433</u>
Balance as at 1 January 2021	5,625,000	1,687,500	(155,423)	7,828,380	14,985,457
Net income for the period	-	-	-	1,196,438	<b>1,196,438</b>
Other comprehensive income for the period	-	-	17,430	-	<b>17,430</b>
Total comprehensive income for the period	-	-	17,430	1,196,438	<b>1,213,868</b>
Dividends (note 15)	-	-	-	(1,546,875)	<b>(1,546,875)</b>
<b>Balance as at 30 September 2021</b>	<u><b>5,625,000</b></u>	<u><b>1,687,500</b></u>	<u><b>(137,993)</b></u>	<u><b>7,477,943</b></u>	<u><b>14,652,450</b></u>

The attached notes from 1 to 17 form an integral part of these interim condensed financial statements.

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

## INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine-month period ended 30 September 2021

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

		<i><u>Nine-month period ended 30 September</u></i>	
	<i>Note</i>	<i>2021</i>	<i>2020</i>
<b>OPERATING ACTIVITIES</b>			
Income before zakat		<b>1,348,276</b>	426,888
<i>Adjustment to reconcile income before zakat to net cash inflow from operating activities:</i>			
Depreciation of property, plant and equipment and right-of-use assets		<b>984,001</b>	863,289
Amortization of intangible assets		<b>11,223</b>	3,431
Impairment of property, plant and equipment	4	<b>90,181</b>	-
Reversal of provision for slow moving and obsolete inventories		-	(18,137)
Provision for employee benefits		<b>71,646</b>	42,387
Loss on disposal of property, plant and equipment		-	2,176
Finance costs		<b>21,350</b>	18,362
Finance income		<b>(16,522)</b>	(43,112)
		<b>2,510,155</b>	1,295,284
<i>Working capital adjustments:</i>			
(Increase)/decrease in inventories		<b>(129,444)</b>	79,758
(Increase)/decrease in trade receivables		<b>(299,060)</b>	53,630
Decrease/(increase) in prepayments and other current assets		<b>117,771</b>	(44,909)
(Increase)/decrease in other non-current assets		<b>(72,841)</b>	26,274
(Decrease)/increase in trade payables		<b>(56,493)</b>	40,754
Increase/(decrease) in accruals and other current liabilities		<b>78,127</b>	(92,771)
Cash from operations		<b>2,148,215</b>	1,358,020
Finance costs paid		<b>(5,374)</b>	(5,102)
Employee benefits paid	7	<b>(8,431)</b>	(5,706)
Zakat paid		<b>(128,023)</b>	(129,385)
Net cash flows from operating activities		<b>2,006,387</b>	1,217,827
<b>INVESTING ACTIVITIES</b>			
Short-term investments made		<b>(3,946,992)</b>	(5,085,800)
Proceeds from maturity of short-term investments		<b>3,883,592</b>	5,668,600
Purchase of property, plant and equipment		<b>(309,961)</b>	(250,749)
Purchase of intangible assets		<b>(4,564)</b>	(2,284)
Finance income received		<b>21,087</b>	43,112
Net cash flows (used in)/from investing activities		<b>(356,838)</b>	372,879
<b>FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities		<b>(23,721)</b>	(19,316)
Dividends paid		<b>(1,544,039)</b>	(1,688,031)
Net cash flows used in financing activities		<b>(1,567,760)</b>	(1,707,347)
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>81,789</b>	(116,641)
Cash and cash equivalents at the beginning of the period		<b>19,758</b>	136,270
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>101,547</b>	19,629
<b>SUPPLEMENTARY NON-CASH INFORMATION</b>			
Right-of-use assets and lease liabilities		<b>6,124</b>	19,619

The attached notes from 1 to 17 form an integral part of these interim condensed financial statements.

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

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

At 30 September 2021

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

### 1 COMPANY INFORMATION

Yanbu National Petrochemical Company (YANSAB) (the “Company”) is a Saudi Joint Stock Company registered in Yanbu, Kingdom of Saudi Arabia under Commercial Registration number 4700009432 dated 14 Muharram 1427H (corresponding to 13 February 2006) in accordance with the Ministerial Resolution No. 49 dated 12 Muharram 1427H (corresponding to 11 February 2006) for the incorporation of the Company. The Company obtained its Industrial Licence number S/1367 on 18 Rajab 1426H (corresponding to 23 August 2005) and is engaged in the manufacturing of petrochemical products in accordance with the Company’s by-laws and other Saudi Arabian applicable regulations. The Company commenced commercial operations on 1 March 2010. The registered office of the Company is located at Yanbu, P.O. Box 31396, Yanbu industrial city 41912.

The interim condensed financial statements of the Company for the nine-month period ended 30 September 2021 have been approved by the Board of Directors on 11 Rabi' I 1443H (corresponding to 17 October 2021G).

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia (“KSA”). The Company has prepared the interim condensed financial statements on the basis that it will continue to operate as a going concern.

These interim condensed financial statements do not include all the information and disclosures required in a full set of annual financial statements and should therefore be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2020. In addition, results for the interim period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

#### 2.2 Basis of measurement

These interim condensed financial statements are prepared under the historical cost convention. For employee and other post-employment benefits, actuarial present value calculations are used.

#### 2.3 Functional and presentation currency

These interim condensed financial statements are presented in Saudi Riyals (SR), which is also the functional currency of the Company. All figures are rounded off to the nearest thousands (SR ‘000) unless when otherwise stated.

#### 2.4 Significant accounting judgments, estimates and assumptions

The preparation of the Company’s interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The significant judgments made by management in applying the Company’s accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2020. However, in the view of the current uncertainty due to COVID-19, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is still evolving with future uncertainties, management will continue to assess the impact based on prospective developments (see also note 16).

### 3 CHANGES TO THE COMPANY’S ACCOUNTING POLICIES

The accounting policies and methods of calculation adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2020, except for the adoption of amendments in standards effective as of 1 January 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective, except for the amendment to IAS 16 ‘Property, Plant and Equipment: Proceeds before Intended Use’.

As required by IAS 34, the nature and effect of these changes are disclosed below:

#### **Early adopting the amendments to IAS 16 ‘Property, Plant and Equipment: Proceeds before Intended Use’**

It prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items in statement of profit or loss. The amendment is required to be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. This amendment had no impact on the interim condensed financial statements of the Company.

#### **Interest Rate Benchmark Reform – Phase 2: *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16***

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

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

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

**Yanbu National Petrochemical Company (YANSAB) - A Saudi Joint Stock Company**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**  
 At 30 September 2021  
 (All amounts in Saudi Riyals ‘000 unless otherwise stated)

**4 PROPERTY, PLANT AND EQUIPMENT**

	<i>Nine-month period ended 30 September 2021</i>	<i>Year ended 31 December 2020</i>
<b>Cost:</b>		
At the beginning of the period/year	22,403,227	22,029,125
Additions during the period/year	309,961	378,477
Transfers during the period/year	-	(2,125)
Disposals during the period/year	-	(2,250)
	<u>22,713,188</u>	<u>22,403,227</u>
<b>Depreciation and impairment:</b>		
At the beginning of the period/year	11,324,729	10,180,246
Charge for the period/year	959,409	1,144,557
Impairment for the period/year (refer note below)	90,181	-
Relating to disposals	-	(74)
	<u>12,374,319</u>	<u>11,324,729</u>
<b>Net book amounts:</b>		
<b>At the end of the period/year</b>	<u><b>10,338,869</b></u>	<u><b>11,078,498</b></u>

There was no specific indicator of impairment of property, plant and equipment during the nine-month period ended 30 September 2021. However, the management recorded specific impairment against capital work in progress due to uncertainty of using certain costs with an amount of SR 63.5 million. Further, due to the unplanned shutdown of the Company's plants as a result of a technical failure, the management has recorded impairment of SR 26.6 million against the furnace coils.

**5 SHORT-TERM INVESTMENTS**

Short-term investments represent Murabaha commodity placements with an original maturity exceeding three months but less than one year and maintained with local and foreign banks. These placements yield finance income at prevailing market rates.

**6 SHARE CAPITAL**

The Company's authorized, issued and fully paid share capital is SR 5,625 million which is divided into 562.5 million shares of SR 10 par value each. The Company is 51% owned by Saudi Basic Industries Corporation (SABIC), and 49% owned by others or publicly traded.

**7 EMPLOYEE BENEFITS**

	<i>30 September 2021</i>	<i>31 December 2020</i>
Defined benefits obligation (note 7.1)	1,075,070	856,354
Others	46,001	31,404
	<u><b>1,121,071</b></u>	<u><b>887,758</b></u>

**Yanbu National Petrochemical Company (YANSAB) - A Saudi Joint Stock Company**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**  
At 30 September 2021  
(All amounts in Saudi Riyals '000 unless otherwise stated)

**7 EMPLOYEE BENEFITS (continued)**

**7.1 Defined benefits obligation**

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

	<i>Nine-month period ended 30 September 2021</i>	<i>Year ended 31 December 2020</i>
Defined benefits obligation at beginning of the period/year	856,354	594,260
Current service cost	57,049	52,965
Interest cost on defined benefits obligation	15,976	17,680
Actuarial (gain)/loss on the obligation	(17,430)	147,429
Payments during the period/year	(8,431)	(9,752)
Transferred in, net	171,552	53,772
Defined benefits obligation at the end of the period/year	<u>1,075,070</u>	<u>856,354</u>

Net defined benefit expense:

	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Current service cost	18,595	13,241	57,049	39,950
Interest cost on defined benefits obligation	5,722	4,420	15,976	13,260
Net defined benefits expense	<u>24,317</u>	<u>17,661</u>	<u>73,025</u>	<u>53,210</u>

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

	<i>30 September 2021</i>	<i>31 December 2020</i>
Discount rate	2.6%	2.4%
Salary increase rate – Executives	4.5%	4.5%
Salary increase rate – Non-Executives	6.0%	6.0%
Medical inflation rate	Note (a) below	Note (a) below
Average retirement age	58	58

(a) As at 30 September 2021 and 31 December 2020: 9% per annum in 2021 decreasing to 5% per annum in 2025 and 5% per annum onwards.

**8 ACCRUALS AND OTHER CURRENT LIABILITIES**

	<i>30 September 2021</i>	<i>31 December 2020</i>
Accrued liabilities	446,759	340,295
Amounts due to related parties	210,003	238,340
Dividend payable	18,174	15,338
	<u>674,936</u>	<u>593,973</u>

**Yanbu National Petrochemical Company (YANSAB) - A Saudi Joint Stock Company**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**  
 At 30 September 2021  
 (All amounts in Saudi Riyals ‘000 unless otherwise stated)

**9 ZAKAT**

	<i>Nine-month period ended 30 September</i>	
	<i>2021</i>	<i>2020</i>
Zakat relating to current period	<b>143,725</b>	81,968
Zakat adjustment relating to previous year	<b>8,113</b>	-
	<b>151,838</b>	81,968

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

	<i>Nine-month period ended 30 September 2021</i>	<i>Year ended 31 December 2020</i>
At the beginning of the period/year	<b>136,461</b>	125,936
Provided during the period/year	<b>151,838</b>	139,910
Paid during the period/year	<b>(128,023)</b>	(129,385)
At the end of the period/year	<b>160,276</b>	136,461

The Company has filed its zakat returns with the Zakat, Tax and Customs Authority (“ZATCA”) and received the zakat certificates up to 31 December 2020. The Company has settled the zakat dues and cleared its zakat assessments with ZATCA up to the year ended 31 December 2015.

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

The final assessment for the years 2019 and 2020 has not yet been raised by the ZATCA.

**10 EARNINGS PER SHARE**

The earnings per share calculation is given below:

	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Net income for the period (SR ‘000)	<b>179,780</b>	195,634	<b>1,196,438</b>	344,920
Weighted average number of ordinary shares (‘000)	<b>562,500</b>	562,500	<b>562,500</b>	562,500
Earnings per share (Saudi Riyals) – Basic and diluted	<b>0.32</b>	0.35	<b>2.13</b>	0.61

There has been no item of dilution affecting the weighted average number of ordinary shares.

## **11 FAIR VALUE MEASUREMENT**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers among the levels during the period.

The management assessed that the fair value of cash and cash equivalents, short-term investments, trade and other receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

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

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 September 2021

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

### 12 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company’s management. Following is the list of related party transactions and balances of the Company:

Related party	Nature of transactions	Transactions				Balance as at	
		Three-month period ended		Nine-month period ended			
		30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	31 December 2020
a) Amounts due from related parties							
Saudi Basic Industries Corporation (SABIC) – (Parent)	Sale of products	1,779,606	1,440,728	5,485,618	3,656,362	1,987,311	1,740,961
	Advances for purchase of materials, product sales and other transactions	165,720	600	176,601	33,777	114,101	106,826
	Long term advance for logistics	-	-	-	-	7,500	7,500
Arabian Industrial Fibers Company (IBN RUSHD) (other related party)	Operation and maintenance services by the Company	58,615	-	87,227	-	87,227	-
Other related parties	Exchange of products	59,412	1,597	119,234	20,204	19,405	49,092
		2,063,353	1,442,925	5,868,680	3,710,343	2,215,544	1,904,379
b) Amounts due to related parties							
Saudi Basic Industries Corporation (SABIC) – (Parent)	Payments on behalf of the Company	3,332,217	441,958	4,435,722	1,855,918	235,351	310,331
	Research and technology fees	50,211	20,234	23,909	73,127	88,113	68,455
Saudi Aramco – (Ultimate Parent) and its subsidiaries (from 16 June 2020)	Procurement of feedstock and others	1,417,323	76,192	2,213,226	142,978	321,610	322,363
Arabian Industrial Fibers Company (IBN RUSHD) (other related party)	Propane Tolling Agreement	32,840	68,813	258,524	114,238	32,840	103,208
Other related parties	Storage services and others	232,537	9,589	266,257	1,390	23,546	1,840
		5,065,128	616,786	7,197,638	2,187,651	701,460	806,197

**Yanbu National Petrochemical Company (YANSAB) - A Saudi Joint Stock Company**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**  
 At 30 September 2021  
 (All amounts in Saudi Riyals '000 unless otherwise stated)

**12 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

**Key management compensation**

Compensation for key management is as follows:

	<i>Three-month period ended</i> <i>30 September</i>		<i>Nine-month period ended</i> <i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Salaries and other benefits	<b>2,003</b>	1,301	<b>4,897</b>	5,279
Post-employment benefits	<b>915</b>	217	<b>1,528</b>	1,228
	<b>2,918</b>	1,518	<b>6,425</b>	6,507

Significant transactions with related parties were as follows:

- The Company has a service level agreement with SABIC (Shared Services Organization – SSO) for the provision of accounting, warehousing, human resources, information technology (ERP/SAP), transporting and arranging for delivery of materials related to the Company's spare parts, engineering, procurement and related services and other general services to the Company. The Company has also logistic service agreement with SABIC.
- Advances to SABIC represent the amounts paid by the Company according to shared service agreement to finance the purchase of the Company's materials and services.
- Almost all the Company's products are sold to SABIC ("the Marketer") under marketing and off-take agreements.
- Operation and maintenance services represent activities and transactions relating to producing, processing, manufacturing, marketing and trading on behalf of a related party.

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

Outstanding balances at the period ended 30 September 2021 are unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 30 September 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related parties and the market in which the related party operates.

**13 SEGMENT INFORMATION**

The Company's President and Board of Directors monitor the results of the Company's operations for the purpose of making decisions about resource allocation and performance assessment. They are collectively the chief operating decision makers (CODM) for the Company. The CODM review the results of the Company as a whole, as they believe that decision making cannot be done effectively in isolation for single products of the Company due to complex nature of the business, integrated facility where multiple products including downstream product movement are simultaneous and the nature of the products market. Hence, the whole Company is treated as a single operating segment, the results and financial position of which has been presented already.

The key evaluation criteria for segment performance is the net profit and this is evaluated and measured consistently throughout the accounting period. The non-current assets of the Company are based in Kingdom of Saudi Arabia and petrochemical products sales by the Company are made primarily to its parent company which is also based in Kingdom of Saudi Arabia.

**14 COMMITMENTS AND CONTINGENCIES**

As at 30 September 2021, the Company has commitments of SR 328 million (31 December 2020: SR 317 million) relating to capital expenditures.

The Company's bankers have issued, on its behalf, bank guarantees amounting to SR 10.7 million in the normal course of business as at 30 September 2021 (31 December 2020: SR 10.6 million).

## **15 APPROPRIATION OF NET INCOME**

On 15 March 2020, the General Assembly approved a distribution of cash dividend amounting SR 984.37 million (SR 1.75 per share) for the second half of the year 2019 which represents 17.5% of the nominal value of the shares. The total dividends for the year ended 31 December 2019 was SR 1,968.74 million (SR 3.50 per share).

On 11 May 2020, the Board of Directors announced the distribution of SR 703.13 million as cash dividends (SR 1.25 per share) for the first half of the year 2020 which represents 12.5% of the nominal value of the shares.

On 30 March 2021, the General Assembly approved a distribution of cash dividend amounting SR 703.13 million (SR 1.25 per share) for the second half of the year 2020 which represents 12.5% of the nominal value of the shares.

On 17 June 2021, the Board of Directors announced the distribution of SR 843.75 million as cash dividends (SR 1.50 per share) for the first half of the year 2021 which represents 15% of the nominal value of the shares.

## **16 IMPACT OF COVID-19**

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

During the period ended 30 September 2021, management has assessed the overall impact on the Company’s operations and business aspects, and considered factors like effects on supply chain, impact of oil prices, operating rates of its plants, additional cost in supply chain and product demand. Based on this assessment, no significant adjustments were required in the interim condensed financial statements for the period ended 30 September 2021. The situation surrounding COVID-19 and its impact on global economic conditions may continue to impact the Company’s business, results of operations and financial condition in 2021. The situation remains uncertain and therefore it is difficult to predict with certainty the length of time that COVID-19 will impact Company’s business and overall potential impact of COVID-19 on Company’s business, operations and financial condition.

## **17 SUBSEQUENT EVENTS**

In the opinion of management, there have been no significant subsequent events since the period ended 30 September 2021, which would have a material impact on the financial position of the Company as reflected in these interim condensed financial statements.