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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND INDEPENDENT AUDITOR'S REVIEW 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 SIX-MONTH PERIODS ENDED JUNE 30, 2021

	Page
Independent auditor's report on review of condensed interim financial statements	1
Condensed interim statement of profit or loss	2
Condensed interim statement of comprehensive income	3
Condensed interim statement of financial position	4
Condensed interim statement of changes in equity	5
Condensed interim statement of cash flows	6
Notes to the condensed interim financial statements	7 - 18

KPMG Professional Services
Zahran Business Center
Prince Sultan Street
P.O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Headquarter in Riyadh

Commercial Registration No 4030290792

كي بي إم جي للاستشارات المهنية
مركز الزهران للأعمال
شارع الأمير سلطان
ص.ب 55078
جده 21534
المملكة العربية السعودية
المركز الرئيسي الرياض

سجل تجاري رقم 4030290792

Independent auditor's report on review of condensed interim financial statements

To the Shareholders of Rabigh Refining and Petrochemical Company

Introduction

We have reviewed the accompanying June 30, 2021 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 six-month periods ended June 30, 2021;
- the condensed statement of comprehensive income for the three-month and six-month periods ended June 30, 2021;
- the condensed statement of financial position as at June 30, 2021;
- the condensed statement of changes in equity for the six-month period ended June 30, 2021;
- the condensed statement of cash flows for the six-month period ended June 30, 2021; 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 June 30, 2021 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.

KPMG Professional Services

Ebrahim Obaid Baeshen
License No. 382

Jeddah, Dhul Hijjah 17, 1442H
Corresponding to July 27, 2021

KPMG Professional Services a professional closed joint stock company registered in the Kingdom of Saudi Arabia with the paid-up capital of SAR 15,000,000. Previously known as KPMG Al Fozan & Partners Certified Public Accountants. A member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited.

كي بي إم جي للاستشارات المهنية، شركة مهنية مساهمة مقفلة مسجلة في المملكة العربية السعودية رأسمالها (15000000) ريال سعودي مدفوع بالكامل،وقد تم تغيير اسم الشركة من الاسم السابق "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون" إلى الاسم الحالي بتاريخ 2021/03/21م. وهي شركة عضو غير شريك في شبكة شركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية، شركة مسجلة في بريطانيا

Commercial Registration of the headquarter in Riyadh is 1010425494.

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 June 30,		Six-month period ended June 30,	
		2021	2020	**2021**	2020
Sales	4	**11,109,273**	2,706,388	**21,244,800**	6,768,020
Cost of sales		**(9,742,228)**	(3,159,471)	**(18,591,422)**	(8,606,598)
Gross profit (loss)		**1,367,045**	(453,083)	**2,653,378**	(1,838,578)
Other income, net		**24,157**	12,316	**57,818**	25,395
Selling and marketing expenses		**(198,305)**	(114,822)	**(373,961)**	(235,449)
General and administrative expenses		**(179,248)**	(220,701)	**(377,044)**	(429,130)
Operating profit (loss)		**1,013,649**	(776,290)	**1,960,191**	(2,477,762)
Financial charges		**(276,815)**	(416,002)	**(558,006)**	(819,514)
Financial income		**44,531**	51,457	**90,674**	104,417
Profit (loss) before Zakat and Tax		**781,365**	(1,140,835)	**1,492,859**	(3,192,859)
Zakat	11	**(2,485)**	-	**(4,279)**	(2,915)
Tax	11	**(61,937)**	(294,259)	**(122,264)**	(36,150)
Profit (loss) after Zakat and Tax		**716,943**	(1,435,094)	**1,366,316**	(3,231,924)
Earning (loss) per share (Saudi Riyals) – Basic and diluted	5	**0.82**	(1.64)	**1.56**	(3.69)

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 June 30,		Six-month period ended June 30,	
	2021	2020	**2021**	2020
Profit (loss) after Zakat and Tax	**716,943**	(1,435,094)	**1,366,316**	(3,231,924)
Remeasurement loss on defined benefit plan	-	-	-	-
Items that will not be reclassified to statement of profit or loss in subsequent periods	-	-	-	-
Total comprehensive income (loss) for the period	**716,943**	(1,435,094)	**1,366,316**	(3,231,924)

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)

	Notes	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	6	**45,025,724**	46,049,609
Right-of-use assets	7	**10,997,044**	11,341,575
Intangible assets		**391,415**	431,511
Long-term loans	8	**2,696,610**	2,983,461
Investment	8	**16,412**	16,412
Deferred tax asset		**256,173**	364,937
		59,383,378	61,187,505
Current assets			
Inventories		**3,699,159**	3,070,656
Trade receivables	8	**7,948,711**	3,990,411
Current portion of long-term loans	8	**477,311**	466,053
Prepayments and other receivables		**1,593,382**	963,242
Cash and cash equivalents		**553,372**	1,016,142
		14,271,935	9,506,504
Total assets		**73,655,313**	70,694,009
Equity and liabilities			
Equity			
Share capital	9	**8,760,000**	8,760,000
Statutory reserve	10	**252,134**	252,134
Employees' share ownership plan		**(4,594)**	(4,611)
Accumulated losses		**(1,421,657)**	(2,804,040)
Total equity		**7,585,883**	6,203,483
Non-current liabilities			
Loans, borrowings and other long-term liability	8	**31,698,742**	32,328,206
Lease liabilities	7	**10,916,855**	11,198,777
Employees' benefits		**779,198**	778,387
		43,394,795	44,305,370
Current liabilities			
Current maturity of loans and borrowings	8	**10,653,253**	10,883,720
Current maturity of lease liabilities	7	**583,489**	566,974
Trade and other payables	8	**10,162,963**	7,690,127
Accrued expenses and other liabilities		**1,257,151**	1,044,335
Zakat and tax payable		**17,779**	-
		22,674,635	20,185,156
Total liabilities		**66,069,430**	64,490,526
Total equity and liabilities		**73,655,313**	70,694,009

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 losses) Retained earnings	Total
Balance as at January 1, 2021 (Audited)	**8,760,000**	**252,134**	**(4,611)**	**(2,804,040)**	**6,203,483**
Net profit after Zakat and tax	-	-	-	**1,366,316**	**1,366,316**
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	**1,366,316**	**1,366,316**
Vesting of shares under employees' share ownership plan	-	-	**17**	-	**17**
Zakat and income tax reimbursement	-	-	-	**16,067**	**16,067**
Balance as at June 30, 2021 (Unaudited)	**8,760,000**	**252,134**	**(4,594)**	**(1,421,657)**	**7,585,883**
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	-	-	-	(3,231,924)	(3,231,924)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss	-	-	-	(3,231,924)	(3,231,924)
Vesting of shares under employees' share ownership plan	-	-	84	-	84
Balance as at June 30, 2020 (Unaudited)	8,760,000	252,134	(4,729)	(2,197,838)	6,809,567

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	Six-month period ended June 30,	
		2021	2020
Cash flows from operating activities			
Profit (loss) before Zakat and Tax		**1,492,859**	(3,192,859)
Adjustments for non-cash items			
Depreciation		**1,624,874**	1,492,112
Financial charges		**558,006**	819,514
Financial income		**(90,674)**	(104,417)
Amortization		**40,097**	38,517
Provision for slow moving inventories		**3,981**	11,024
Bad debts		**28**	
Loss on disposal of property, plant and equipment		**252**	-
Gain on derecognition of right-of-use assets and lease liabilities		**-**	(11)
		3,629,423	(936,120)
Changes in working capital			
Inventories		**(632,485)**	576,599
Trade receivables		**(3,958,327)**	3,429,537
Prepayments and other receivables		**(614,073)**	1,274,792
Trade and other payables		**2,712,869**	561,964
Accrued expenses and other liabilities		**207,895**	(750,832)
Employees' benefits		**829**	49,281
		1,346,131	4,205,221
Zakat and income tax paid		**-**	(18,135)
Interest received		**75,309**	86,809
Interest paid		**(518,661)**	(734,790)
Net cash generated from operating activities		**902,779**	3,539,105
Cash flows from investing activities			
Purchase of property, plant and equipment		**(244,927)**	(2,010,027)
Net movement in long-term loans		**54,989**	2,245
Net cash used in investing activities		**(189,938)**	(2,007,782)
Cash flows from financing activities			
Proceeds from loans and borrowings		**6,380,575**	3,992,980
Repayments of loans and borrowings		**(7,279,079)**	(5,355,612)
Repayment of lease liabilities		**(277,099)**	(272,555)
Dividend paid		**(8)**	-
Net cash used in financing activities		**(1,175,611)**	(1,635,187)
Net decrease in cash and cash equivalents		**(462,770)**	(103,864)
Cash and cash equivalents at beginning of the period		**1,016,142**	316,086
Cash and cash equivalents at end of the period		**553,372**	212,222
Supplemental schedule of non-cash information			
Zakat and income tax reimbursable from shareholders		**16,067**	-
Addition to property, plant and equipment through accrued expenses and other liabilities		**91**	34,695
Long-term loan repayments settled against capacity payments	8.1.1	**224,668**	214,684
Addition to right-to-use assets	7.1	**11,767**	23,488

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

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 Organisation for Chartered and Professional 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 Company's last annual financial statements for the year ended December 31, 2020. 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 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 application of accounting policies and 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.

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, 2020.

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, 2020.

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 comprised of refined products and petrochemicals. Information as of and for the three-month and six-month periods is summarized below:

	For the three-month period ended			For the six-month period ended		
June 30, 2021 (Unaudited)	**Refined products**	**Petro-chemicals**	**Total**	**Refined products**	**Petro-chemicals**	**Total**
Sales – external customers	**6,401,948**	**4,707,325**	**11,109,273**	**12,741,631**	**8,503,169**	**21,244,800**
Depreciation and amortization	**158,719**	**676,642**	**835,361**	**316,345**	**1,348,626**	**1,664,971**
Operating (loss) profit	**(337,375)**	**1,351,024**	**1,013,649**	**(463,787)**	**2,423,978**	**1,960,191**

	For the three-month period ended			For the six-month period ended		
June 30, 2020 (Unaudited)	**Refined products**	**Petro-chemicals**	**Total**	**Refined products**	**Petro-chemicals**	**Total**
Sales – external customers	1,726,846	979,542	2,706,388	4,359,172	2,408,848	6,768,020
Depreciation and amortization	177,744	623,356	801,100	338,378	1,192,251	1,530,629
Operating loss	(37,706)	(738,584)	(776,290)	(1,033,690)	(1,444,072)	(2,477,762)

June 30, 2021 (Unaudited)	**Refined products**	**Petrochemicals**	**Unallocated**	**Total**
Total assets	**23,309,540**	**49,518,779**	**826,994**	**73,655,313**
Total liabilities	**19,659,437**	**43,316,932**	**3,093,061**	**66,069,430**
Capital expenditure	**64,551**	**180,467**	**-**	**245,018**

December 31, 2020 (Audited)	**Refined products**	**Petrochemicals**	**Unallocated**	**Total**
Total assets	21,206,418	47,927,847	1,559,744	70,694,009
Total liabilities	16,735,579	45,186,556	2,568,391	64,490,526
Capital expenditure	923,351	1,453,518	-	2,376,869

The Company's revenue from external customers amounts to Saudi Riyals 20,710 million (June 30, 2020: Saudi Riyals 6,695 million) of revenue generated from 5 customers in the period ended June 30, 2021 (June 30, 2020: 5 customers).

4 Segment information (continued)

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

Three-month period ended June 30, 2021 (Unaudited)	**Middle East**	**Asia Pacific**	**Others**	**Total**
Sales – external customers				
Refined products	**6,401,948**	**-**	**-**	**6,401,948**
Petrochemicals	**349,767**	**4,240,373**	**117,185**	**4,707,325**
Total	**6,751,715**	**4,240,373**	**117,185**	**11,109,273**

Six-month period ended June 30, 2021 (Unaudited)	**Middle East**	**Asia Pacific**	**Others**	**Total**
Sales – external customers				
Refined products	**12,741,631**	**-**	**-**	**12,741,631**
Petrochemicals	**693,852**	**7,608,259**	**201,058**	**8,503,169**
Total	**13,435,483**	**7,608,259**	**201,058**	**21,244,800**

Three-month period ended June 30, 2020 (Unaudited)	**Middle East**	**Asia Pacific**	**Others**	**Total**
Sales – external customers				
Refined products	1,726,846	-	-	1,726,846
Petrochemicals	124,588	816,221	38,733	979,542
Total	1,851,434	816,221	38,733	2,706,388

Six-month period ended June 30, 2020 (Unaudited)	**Middle East**	**Asia Pacific**	**Others**	**Total**
Sales – external customers				
Refined products	4,359,172	-	-	4,359,172
Petrochemicals	250,686	2,104,257	53,905	2,408,848
Total	4,609,858	2,104,257	53,905	6,768,020

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

4.2 Adjustments

Financial charges, financial 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 profit (loss)

	Three-month period ended June 30,		**Six-month period ended June 30,**	
	2021 (Unaudited)	2020 (Unaudited)	**2021 (Unaudited)**	2020 (Unaudited)
Operating profit (loss)	**1,013,649**	(776,290)	**1,960,191**	(2,477,762)
Financial charges	**(276,815)**	(416,002)	**(558,006)**	(819,514)
Financial income	**44,531**	51,457	**90,674**	104,417
Profit (loss) before Zakat and Tax	**781,365**	(1,140,835)	**1,492,859**	(3,192,859)
Zakat	**(2,485)**	-	**(4,279)**	(2,915)
Tax	**(61,937)**	(294,259)	**(122,264)**	(36,150)
Profit (loss) after Zakat and Tax	**716,943**	(1,435,094)	**1,366,316**	(3,231,924)

5 Earning (loss) per share

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

Diluted earning (loss) per share is calculated by dividing the net profit (loss) 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 June 30,		Six-month period ended June 30,	
	2021 (Unaudited)	2020 (Unaudited)	**2021 (Unaudited)**	2020 (Unaudited)
Profit (loss) for the period for basic and dilutive earnings per share	**716,943**	(1,435,094)	**1,366,316**	(3,231,924)
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)	**217**	223	**217**	223
Basic and diluted earning (loss) per share	**0.82**	(1.64)	**1.56**	(3.69)

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, 2021	10,947,812	57,193,576	44,839	586,397	1,664,960	70,437,584
Additions	-	82,756	-	-	162,262	245,018
Transfers	125,760	665,793	2,939	9,632	(804,124)	-
Disposals	-	(14,521)	-	(4,350)	-	(18,871)
June 30, 2021	**11,073,572**	**57,927,604**	**47,778**	**591,679**	**1,023,098**	**70,663,731**
Accumulated depreciation						
January 1, 2021	2,853,821	21,217,527	37,457	279,170	-	24,387,975
Charge for the period	118,914	1,127,360	608	21,769	-	1,268,651
Released on disposals	-	(14,269)	-	(4,350)	-	(18,619)
June 30, 2021	**2,972,735**	**22,330,618**	**38,065**	**296,589**	**-**	**25,638,007**
Carrying Value At June 30, 2021 (Unaudited)	**8,100,837**	**35,596,986**	**9,713**	**295,090**	**1,023,098**	**45,025,724**
At December 31, 2020 (Audited)	8,093,991	35,976,049	7,382	307,227	1,664,960	46,049,609

7 Leases

7.1 Right-of-use assets

	Land, buildings and infrastructure	Plant and machinery	Vehicles	Total
Cost				
January 1, 2021	1,234,445	11,660,838	98,318	12,993,601
Additions	-	-	11,767	11,767
Derecognition	-	-	(78)	(78)
June 30, 2021	**1,234,445**	**11,660,838**	**110,007**	**13,005,290**
Accumulated depreciation				
January 1, 2021	232,912	1,369,888	49,226	1,652,026
Charge for the period	17,516	326,490	12,217	356,223
Released on derecognition	-	-	(3)	(3)
June 30, 2021	**250,428**	**1,696,378**	**61,440**	**2,008,246**
Carrying value				
At June 30, 2021 (Unaudited)	**984,017**	**9,964,460**	**48,567**	**10,997,044**
At December 31, 2020 (Audited)	1,001,533	10,290,950	49,092	11,341,575

7.2 Lease liabilities

Lease liabilities as at June 30, 2021 are as follows:

	June 30, 2021			December 31, 2020
	Minimum lease payments (Unaudited)	Interest (Unaudited)	Present value of minimum lease payments (Unaudited)	Present value of minimum lease payments (Audited)
Land, buildings and infrastructure	**2,680,405**	**1,580,994**	**1,099,411**	1,107,705
Plant and machinery	**13,455,227**	**3,104,516**	**10,350,711**	10,607,348
Vehicles	**52,492**	**2,270**	**50,222**	50,698
	16,188,124	**4,687,780**	**11,500,344**	11,765,751

Lease liabilities are presented in the condensed interim statement of financial position as follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Current portion	**583,489**	566,974
Non-current portion	**10,916,855**	11,198,777
	11,500,344	11,765,751

7 Leases (continued)

The minimum lease payments together with the present value of minimum lease payments as at June 30, 2021 are as follows:

	June 30, 2021		December 31, 2020	
	Minimum lease payments	**Present value of minimum lease payments**	Minimum lease payments	Present value of minimum lease payments
	(Unaudited)	**(Unaudited)**	(Audited)	(Audited)
Within twelve months	**966,703**	**583,489**	962,248	566,974
One to five years	**3,789,391**	**2,429,806**	3,799,884	2,403,551
More than five years	**11,432,030**	**8,487,049**	11,891,840	8,795,226
Total minimum lease payments	**16,188,124**	**11,500,344**	16,653,972	11,765,751
Less: finance charges	**(4,687,780)**	**-**	(4,888,221)	-
Present value of minimum lease payments	**11,500,344**	**11,500,344**	11,765,751	11,765,751

7.3 During the period ended June 30, 2021, the Company's expenses relating to short-term leases and low value assets are Saudi Riyals 240 thousands (June 30, 2020: Saudi Riyals 240 thousands) and Saudi Riyals 1,217 thousands (June 30, 2020: Saudi Riyals 1,753 thousands), respectively.

8 Financial assets and financial liabilities

8.1 Financial assets measured at amortized cost

Long-term loans:	**Notes**	**June 30, 2021 (Unaudited)**	December 31, 2020 (Audited)
Loan to Rabigh Arabian Water and Electricity Company (RAWEC)	8.1.1	**2,988,539**	3,213,207
Loans to employees	8.1.2	**185,382**	236,307
Long-term loans		**3,173,921**	3,449,514
Less: current portion of long-term loans		**(477,311)**	(466,053)
Non-current portion of long-term loans		**2,696,610**	2,983,461
Trade receivables	8.1.3	**7,948,711**	3,990,411

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 Rabigh Arabian Water and Electricity Company (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 June 30, 2021, loan amounting to Saudi Riyals 225.6 million (June 30, 2020: Saudi Riyals 215.2 million) have been offset against monthly utility payments to RAWEC amounting to Saudi Riyals 655.8 million (June 30, 2020: Saudi Riyals 583.6 million).

8 Financial assets and financial liabilities (continued)

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:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Trade	**68,015**	132,639
Less: provision for doubtful debts	**(28,410)**	(28,410)
	39,605	104,229
Related parties	**7,909,106**	3,886,182
	7,948,711	3,990,411

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

			Past due but not impaired					
	Total	**Neither past due nor impaired**	**Less than 6 months**	**6 to 12 months**	**12 to 18 months**	**18 to 24 months**	**More than 24 months**	**More than 24 months impaired**
Balance	7,977,121	7,785,660	53,124	38,390	62,510	5,829	3,198	28,410
Less: Loss allowance	(28,410)	-	-	-	-	-	-	(28,410)
June 30, 2021 (Unaudited)	**7,948,711**	**7,785,660**	**53,124**	**38,390**	**62,510**	**5,829**	**3,198**	**-**
December 31, 2020 (Audited)	3,990,411	3,742,083	95,306	135,181	8,906	6,564	2,371	-

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

	June 30, 2021 (Unaudited)	December 31, 2020 (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 Financial assets and financial liabilities (continued)

8.3 Financial liabilities measured at amortized cost

Loans, borrowings and other long-term liability

	Notes	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Loans from banks and financial institutions	8.3.1	**24,395,864**	25,802,758
Loan from Saudi Industrial Development Fund (SIDF)	8.3.2	**3,291,614**	3,296,058
Loans and facilities from founding shareholders and their affiliates	8.3.3	**12,677,190**	12,633,855
Other facilities	8.3.4	**1,951,828**	1,444,909
Other long-term liability	8.3.5	**35,499**	34,346
		42,351,995	43,211,926
Less: current portion		**(10,653,253)**	(10,883,720)
Non-current portion		**31,698,742**	32,328,206
Trade and other payables	8.3.6	**10,162,963**	7,690,127

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 is repayable in semi-annual instalments from June 2019 to June 2031. During the year ended December 2020, a portion of loan amounting to Saudi Riyals 3,312 million has been repaid from the proceeds of loan from SIDF (see Note 8.3.2). The equity bridge loan guaranteed by founding shareholders amounting to Saudi Riyals 11,250 million had initial maturity of July 1, 2019, which during the year ended December 31, 2020, has been further rescheduled to October 1, 2022.

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 and cash and cash equivalents of the Company with carrying values of Saudi Riyals 45,026 million and Saudi Riyals 553 million, respectively.

8.3.2 Loan from SIDF

During the year 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 (see Note 8.3.1). The facility available under this loan agreement amounts to Saudi Riyals 3,600 million and is utilized as at March 31, 2021. 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 fee amounting to Saudi Riyals 288 million was deducted at the time of receipt of the loan and is 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.

8 Financial assets and financial liabilities (continued)

8.3.3 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 loans are secured by promissory note issued by the Company in favor of each shareholder equivalent to drawdowns.

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Loans:		
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	**674,484**	652,575
Sumitomo Chemical	**674,484**	652,575
	5,923,968	5,880,150

(b) The Company entered into the following agreements in 2020:

- 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 fully utilized as at June 30, 2021. These facilities are secured by the promissory notes issued by the Company in favor of each lender.
- Corporate facility agreement with Saudi Aramco. The facility available under this agreement amounts to Saudi Riyals 1,875 million and is utilized to the extent of Saudi Riyals 1,125 million as at June 30, 2021. The facility bears financial charges based on prevailing market rates. The facility is secured by promissory note issued by the Company in favor of Saudi Aramco to the extent of drawdown made.

8.3.4 Other facilities

(a) The Company has working capital facilities of Saudi Riyals 1,875 million with local commercial banks on prevailing market rates. During the six-month period ended June 30, 2021, drawdowns and repayments amounting to Saudi Riyals 6,381 million and Saudi Riyals 5,637 million, respectively have been made by the Company with a closing balance of Saudi Riyals 1,875 million as at June 30, 2021 (December 31, 2020: Saudi Riyals 1,131 million).

(b) The Company has a credit facility of Saudi Riyals 375 million with a local commercial bank on prevailing market rates. As at June 30, 2021, the facility has been utilized to the extent of Saudi Riyals 75 million by the Company (December 31, 2020: Saudi Riyals 312 million).

8.3.5 Other long-term liability

Other long-term liability represents withholding tax on accumulated interest on loan from Sumitomo Chemical (see Note 8.3.3 a) in accordance with Saudi Arabian Income Tax Law.

8.3.6 Trade and other payables

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Trade payables:		
- Related parties	**8,971,961**	6,338,255
- Others	**1,102,563**	1,277,257
	10,074,524	7,615,512
Other payables – related parties (see below)	**88,439**	74,615
	10,162,963	7,690,127

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 June 30, 2021 and December 31, 2020 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 Regulation 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 equal 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 six-month periods ended June 30, is as follows:

	Three-month period ended June 30,		Six-month period ended June 30,	
	2021 (Unaudited)	2020 (Unaudited)	**2021 (Unaudited)**	2020 (Unaudited)
Zakat for the period	**2,485**	-	**4,279**	-
Income tax for the period	**8,063**	-	**13,500**	-
Deferred tax expense (income) for the period	**53,874**	294,259	**108,764**	36,150
Zakat for the preceding period	**-**	-	**-**	2,915
	64,422	294,259	**126,543**	39,065

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

	Three-month period ended June 30,		Six-month period ended June 30,	
	2021 (Unaudited)	2020 (Unaudited)	**2021 (Unaudited)**	2020 (Unaudited)
Condensed interim statement of profit or loss:				
- Income tax	**8,063**	-	**13,500**	-
- Deferred tax expense	**53,874**	294,259	**108,764**	36,150
	61,937	294,259	**122,264**	36,150

11.2 Status of assessments

The Company has filed its Zakat and income tax returns with Zakat, Tax and Customs Authority ("ZATCA") up to the financial year 2020. The Company's Zakat and tax assessments have been finalized by ZATCA up to the financial year 2008 and for the years 2011 up to 2016. The ZATCA has requested certain information in respect of the returns filed for the years 2019 and 2020, which the Company is in the process of submission.

The ZATCA 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 Appellate Committee for Tax Disputes and Violations and submitted a bank guarantee amounting to Saudi Riyals 43.5 million. The ZATCA also issued assessments for the years 2017 and 2018 by raising additional Zakat and tax demand of Saudi Riyals 100.7 million and Saudi Riyals 10.5 million, respectively. The Company had filed an objection with ZATCA for the years 2017 and 2018. Subsequently, ZATCA issued reassessments for the years 2017 and 2018 upholding its position at the time of assessment. The Company filed an appeal against the reassessment with General Secretariat of Tax Committees (GSTC). The management expects a favourable outcome against the aforementioned additional demands. If any additional Zakat and tax arises on finalization of the aforementioned additional demands, it is recoverable to the extent of Saudi Riyals 26 million and Saudi Riyals 0.7 million for Zakat and tax respectively from 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 period ended June 30, are summarized as follows:

	2021	2020
	(Unaudited)	(Unaudited)
Saudi Aramco and its associated companies		
Purchase of goods including LPG shortfall	**16,123,047**	5,890,338
Sale of refined products and petrochemical products	**16,702,421**	5,648,261
Financial charges	**88,591**	67,797
Rentals	**10,818**	10,258
Secondees' costs	**9,446**	15,786
Service and other cost charges, net	**16,069**	67,242
Sumitomo Chemical and its associated companies		
Purchase of goods	**135,870**	64,840
Sale of petrochemical products	**3,686,395**	1,046,599
Financial charges	**50,630**	40,575
Rentals	**143**	137
Secondees' costs	**9,497**	15,955
Service and other cost charges, net	**14,163**	708

12.2 Balances with related parties

In addition to Trade receivables (Note 8.1.3), loans and facilities from founding shareholders and affiliates (Note 8.3.3) and Trade and other payables (Note 8.3.6), the related party transactions result in receivable and payable balances as set out in the interim statement of financial position in non-trade receivables and accrued expenses and other liabilities amounting to Saudi Riyals 27.9 million (December 31, 2020: Saudi Riyals 7.5 million) and Saudi Riyals 99.1 million (December 31, 2020: Saudi Riyals 289.1 million), respectively.

12.3 Transactions with key management personnel

Transactions with key management personnel on account of short-term benefits amounted to Saudi Riyals 6.7 million (June 30, 2020: Saudi Riyals 9.9 million) of which Saudi Riyals 3.8 million (June 30, 2020: Saudi Riyals 5.3 million) are included in secondees' costs above. The remuneration paid to directors amounted to Saudi Riyals 1.05 million (June 30, 2020: Saudi Riyals 1.05 million).

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) In addition to the amounts disclosed in notes 8.3.3 and 11.2 respectively, bank guarantees and letters of credit issued on behalf of the Company as at June 30, 2021 amounted to Saudi Riyals 1,640 million (December 31, 2020: Saudi Riyals 3,030 million).

(ii) In addition to the amounts disclosed in note 7.2, capital commitments contracted for but not incurred as at June 30, 2021 amounted to Saudi Riyals 68.7 million (December 31, 2020: Saudi Riyals 105 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 Dhul Hijjah 17, 1442H (July 27, 2021).