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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022
AND INDEPENDENT AUDITOR'S REVIEW REPORT ON
CONDENSED INTERIM FINANCIAL STATEMENTS

RABIGH REFINING AND PETROCHEMICAL COMPANY
(A Saudi Joint Stock Company)
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022

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Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
مركز زهران للأعمال
شارع الأمير سلطان
ص.ب ٥٥٠٧٨
جده ٢١٥٣٤
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Rabigh Refining and Petrochemical Company

Introduction

We have reviewed the accompanying March 31, 2022 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 period ended March 31, 2022;
- the condensed statement of comprehensive income for the three-month period ended March 31, 2022;
- the condensed statement of financial position as at March 31, 2022;
- the condensed statement of changes in equity for the three-month period ended March 31, 2022;
- the condensed statement of cash flows for the three-month period ended March 31, 2022; and
- the notes to the condensed interim financial statements for the three-month period ended March 31, 2022.

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 March 31, 2022 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 Oboud Baeshen
License No. 382

Jeddah, May 12, 2022
Corresponding to Shawwal 11, 1443H

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كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس ماله (٢٥،٠٠٠،٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة

Commercial Registration of the headquarters 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 March 31,	
		2022	2021
Sales	4	**14,401,618**	10,135,527
Cost of sales		**(12,921,355)**	(8,849,194)
Gross profit		**1,480,263**	1,286,333
Other income, net		**26,626**	33,661
Selling and marketing expenses		**(221,255)**	(175,656)
General and administrative expenses		**(207,801)**	(197,796)
Operating profit		**1,077,833**	946,542
Financial charges		**(264,565)**	(281,191)
Financial income		**410**	46,143
Net profit before Zakat and tax		**813,678**	711,494
Zakat	11	**(24,177)**	(1,794)
Tax	11	**(64,738)**	(60,327)
Net profit after Zakat and tax		**724,763**	649,373
Earning per share (Saudi Riyals) - Basic and diluted	5	**0.83**	0.74

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 March 31,	
	2022	2021
Net profit after Zakat and tax	**724,763**	649,373
Remeasurement loss on defined benefit plan	**-**	-
Items that will not be reclassified to statement of profit or loss in subsequent periods	**-**	-
Total comprehensive income for the period	**724,763**	649,373

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	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	6	**43,757,494**	44,090,232
Right-of-use assets	7	**10,490,967**	10,668,958
Intangible assets		**349,992**	370,866
Long-term loans	8	**193,799**	179,101
Investment	8	**16,412**	16,412
Deferred tax asset		**99,466**	140,992
		54,908,130	55,466,561
Current assets			
Inventories		**4,229,553**	3,806,450
Trade receivables	8	**9,654,970**	8,257,121
Current portion of long-term loans	8	**6,098**	5,223
Prepayments and other receivables		**1,502,473**	1,854,707
Cash and cash equivalents		**5,427,779**	3,971,961
		20,820,873	17,895,462
Total assets		**75,729,003**	73,362,023
Equity and liabilities			
Equity			
Share capital	9	**8,760,000**	8,760,000
Statutory reserve	10	**252,134**	252,134
Employees' share ownership plan		**(4,477)**	(4,510)
Retained earnings (accumulated losses)		**60,767**	(701,713)
Total equity		**9,068,424**	8,305,911
Non-current liabilities			
Loans, borrowings and other long-term liability	8	**19,534,640**	19,830,200
Lease liabilities	7	**10,499,816**	10,645,187
Employees' benefits		**798,880**	779,645
		30,833,336	31,255,032
Current liabilities			
Current maturity of loans and borrowings	8	**19,244,337**	18,898,428
Current maturity of lease liabilities	7	**592,606**	588,445
Trade and other payables	8	**14,208,568**	12,397,978
Accrued expenses and other liabilities		**1,692,530**	1,874,415
Zakat and tax payable		**89,202**	41,814
		35,827,243	33,801,080
Total liabilities		**66,660,579**	65,056,112
Total equity and liabilities		**75,729,003**	73,362,023

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

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

	Share capital	Statutory reserve	Employees' share ownership plan	(Accumulated loss) Retained earnings	Total
Balance as at January 1, 2022 (Audited)	**8,760,000**	**252,134**	**(4,510)**	**(701,713)**	**8,305,911**
Net profit after Zakat and tax	**-**	**-**	**-**	**724,763**	**724,763**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**-**	**724,763**	**724,763**
Vesting of shares under employees' share ownership plan	**-**	**-**	**33**	**-**	**33**
Zakat and income tax reimbursement	**-**	**-**	**-**	**37,717**	**37,717**
Balance as at March 31, 2022 (Unaudited)	**8,760,000**	**252,134**	**(4,477)**	**60,767**	**9,068,424**
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	-	-	-	649,373	649,373
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	649,373	649,373
Vesting of shares under employees' share ownership plan	-	-	17	-	17
Zakat and income tax reimbursement	-	-	-	6,513	6,513
Balance as at March 31, 2021 (Unaudited)	8,760,000	252,134	(4,594)	(2,148,154)	6,859,386

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	Three-month period ended March 31,	
		2022	2021
Cash flows from operating activities			
Net profit before Zakat and tax		**813,678**	711,494
Adjustments for non-cash items			
Depreciation		**731,889**	809,562
Financial charges		**264,565**	281,191
Financial income		**(410)**	(46,143)
Amortization		**20,875**	20,048
Provision for slow moving inventories		**30,118**	2,150
Bad debts		**-**	8
Loss on disposal of property, plant and equipment		**-**	109
Gain on derecognition of right-of-use assets and lease liabilities		**(2)**	-
		1,860,713	1,778,419
Changes in working capital			
Inventories		**(453,221)**	(451,403)
Trade receivables		**(1,397,849)**	(2,763,280)
Prepayments and other receivables		**390,037**	319,792
Trade and other payables		**1,810,590**	2,029,820
Accrued expenses and other liabilities		**(214,917)**	(405,046)
Employees' benefits		**19,268**	(24,335)
		2,014,621	483,967
Interest received		**325**	29,543
Interest paid		**(71,359)**	(117,702)
Net cash generated from operating activities		**1,943,587**	395,808
Cash flows from investing activities			
Purchase of property, plant and equipment		**(220,916)**	(136,576)
Net movement in long-term loans		**(14,320)**	46,335
Net cash used in investing activities		**(235,236)**	(90,241)
Cash flows from financing activities			
Proceeds from loans and borrowings		**1,782,500**	2,807,149
Repayments of loans and borrowings		**(1,893,958)**	(3,316,654)
Repayment of lease liabilities		**(141,060)**	(136,839)
Dividend paid		**(15)**	-
Net cash utilized in financing activities		**(252,533)**	(646,344)
Net increase (decrease) in cash and cash equivalents		**1,455,818**	(340,777)
Cash and cash equivalents at beginning of the period		**3,971,961**	1,016,142
Cash and cash equivalents at end of the period		**5,427,779**	675,365
Supplemental schedule of non-cash information			
Zakat and income tax reimbursable from shareholders		**37,717**	6,513
Addition to property, plant and equipment through accrued expenses and other liabilities		**393**	15,382
Long-term loan repayments settled against capacity payments	8.1.1	**-**	112,463
Addition to right-to-use assets	7.1	**-**	11,767

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 Organization 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, 2021. 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***
IFRS 17	Insurance contracts	January 1, 2023
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	January 1, 2023
IAS 8	Definition of Accounting Estimate - Amendment	January 1, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction`	January 1, 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	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, 2021.

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, 2021, except for the adoption of the following amendments effective as at January 1, 2022 and do not have material impact on these condensed interim financial statements:

Standard / Interpretation	***Description***
IAS 37	Onerous contracts – cost of fulfilling a contract
IFRS Standards	Annual improvements to IFRS standards 2018 – 2020
IAS 16	Property, plant and equipment: proceeds before intended use
IFRS 3	Reference to the conceptual framework

4 Segment information

4.1 Operating segment

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

The Company's operating segments comprise of refined products and petrochemicals. Information as of and for the three-month period ended March 31, is summarized below:

2022 (Unaudited)	**Refined products**	**Petrochemicals**	**Total**
Sales – external customers	**10,164,986**	**4,236,632**	**14,401,618**
Depreciation and amortization	**137,877**	**614,887**	**752,764**
Operating income	**524,112**	**553,721**	**1,077,833**
2021 (Unaudited)			
Sales – external customers	6,339,683	3,795,844	10,135,527
Depreciation and amortization	157,626	671,984	829,610
Operating (loss) income	(126,412)	1,072,954	946,542

March 31, 2022 (Unaudited)	**Refined products**	**Petrochemicals**	**Unallocated**	**Total**
Total assets	**23,855,327**	**46,281,468**	**5,592,208**	**75,729,003**
Total liabilities	**22,257,483**	**43,751,394**	**651,702**	**66,660,579**
Capital expenditure	**21,319**	**199,990**	**-**	**221,309**

December 31, 2021 (Audited)	**Refined products**	**Petrochemicals**	**Unallocated**	**Total**
Total assets	23,210,164	46,011,747	4,140,112	73,362,023
Total liabilities	21,595,430	42,744,913	715,769	65,056,112
Capital expenditure	135,977	342,285	-	478,262

The Company's revenue from external customers amounts to Saudi Riyals 14,233 million (March 31, 2021: Saudi Riyals 9,841 million) of revenue generated from 5 customers in the period ended March 31, 2022 (March 31, 2021: 5 customers).

Geographical information for the three-month period ended March 31, is as follows:

2022 (Unaudited)	**Middle East**	**Asia Pacific**	**Others**	**Total**
Sales				
Refined products	**9,245,023**	**907,860**	**12,103**	**10,164,986**
Petrochemicals	**1,095,399**	**3,032,915**	**108,318**	**4,236,632**
Total	**10,340,422**	**3,940,775**	**120,421**	**14,401,618**

4 Segment information (continued)

2021 (Unaudited)	Middle East	Asia Pacific	Others	Total
Sales				
Refined products	6,339,683	-	-	6,339,683
Petrochemicals	344,085	3,367,886	83,873	3,795,844
Total	6,683,768	3,367,886	83,873	10,135,527

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 net profit (loss)

	2022	2021
	(Unaudited)	(Unaudited)
Operating profit	**1,077,833**	946,542
Financial charges	**(264,565)**	(281,191)
Financial income	**410**	46,143
Net profit before Zakat and tax	**813,678**	711,494
Zakat	**(24,177)**	(1,794)
Tax	**(64,738)**	(60,327)
Net profit after Zakat and tax	**724,763**	649,373

5 Earnings per share

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

Diluted earnings per share is calculated by dividing the net profit 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.

	2022	2021
	(Unaudited)	(Unaudited)
Net profit for the period for basic and dilutive earnings per share	**724,763**	649,373
Weighted average number of shares outstanding during the period (thousands)	**876,000**	876,000
Adjustment for the effect of dilution in weighted average number of shares outstanding during the period due to ESOP (thousands)	**211**	217
Basic and diluted earnings per share (Saudi Riyals)	**0.83**	0.74

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, 2022	11,124,396	58,049,074	46,970	600,896	1,002,022	70,823,358
Additions	-	112,618	-	-	108,691	221,309
Transfers	27,122	71,579	40	9,179	(107,920)	-
March 31, 2022	**11,151,518**	**58,233,271**	**47,010**	**610,075**	**1,002,793**	**71,044,667**
Accumulated depreciation						
January 1, 2022	3,093,868	23,282,183	37,347	319,728	-	26,733,126
Charge for the period	60,651	481,531	370	11,495	-	554,047
March 31, 2022	**3,154,519**	**23,763,714**	**37,717**	**331,223**	**-**	**27,287,173**
Carrying Value At March 31, 2022 (Unaudited)	**7,996,999**	**34,469,557**	**9,293**	**278,852**	**1,002,793**	**43,757,494**
At December 31, 2021 (Audited)	8,030,528	34,766,891	9,623	281,168	1,002,022	44,090,232

7 Leases

7.1 Right-of-use assets

	Land, buildings and infrastructure	Plant and machinery	Vehicles	Total
Cost				
January 1, 2022	1,260,813	11,660,838	109,434	13,031,085
Derecognition	-	-	(338)	(338)
March 31, 2022	**1,260,813**	**11,660,838**	**109,096**	**13,030,747**
Accumulated depreciation				
January 1, 2022	265,987	2,022,868	73,272	2,362,127
Charge for the period	8,884	163,245	5,713	177,842
Released on derecognition	-	-	(189)	(189)
March 31, 2022	**274,871**	**2,186,113**	**78,796**	**2,539,780**
Carrying value				
At March 31, 2022 (Unaudited)	**985,942**	**9,474,725**	**30,300**	**10,490,967**
At December 31, 2021 (Audited)	994,826	9,637,970	36,162	10,668,958

7 Leases (continued)

7.2 Lease liabilities

Lease liabilities at March 31, 2022 are as follows:

	March 31, 2022			December 31, 2021
	Minimum lease payments	**Interest**	**Present value of minimum lease payments**	Present value of minimum lease payments
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	(Audited)
Land, buildings and infrastructure	**2,681,717**	**1,572,739**	**1,108,978**	1,113,331
Plant and machinery	**12,805,437**	**2,853,631**	**9,951,806**	10,082,695
Vehicles	**32,726**	**1,088**	**31,638**	37,606
	15,519,880	**4,427,458**	**11,092,422**	11,233,632

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

	March 31, 2022	December 31, 2021
	(Unaudited)	(Audited)
Current portion	**592,606**	588,445
Non-current portion	**10,499,816**	10,645,187
	11,092,422	11,233,632

The minimum lease payments together with the present value of minimum lease payments as of March 31, 2022 are as follows:

	March 31, 2022		December 31, 2021	
	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	**963,466**	**592,606**	965,659	588,445
One to five years	**3,771,722**	**2,472,109**	3,778,230	2,458,128
More than five years	**10,784,692**	**8,027,707**	11,013,638	8,187,059
Total minimum lease payments	**15,519,880**	**11,092,422**	15,757,527	11,233,632
Less: finance charges	**(4,427,458)**	**-**	(4,523,895)	-
Present value of minimum lease payments	**11,092,422**	**11,092,422**	11,233,632	11,233,632

7.3 During the period ended March 31, 2022, the Company's expenses relating to short-term leases and low value assets are Saudi Riyals 329 thousands (March 31, 2021: Saudi Riyals 120 thousands) and Saudi Riyals 550 thousands (March 31, 2021: Saudi Riyals 676 thousands) respectively.

8 Financial assets and financial liabilities

8.1 Financial assets measured at amortized cost

Long-term loans:	**Notes**	**March 31, 2022**	December 31, 2021
		(Unaudited)	(Audited)
Loans to employees	8.1.1	**199,897**	184,324
Less: current portion of long-term loans		**(6,098)**	(5,223)
Non-current portion of long-term loans		**193,799**	179,101
Trade receivables	8.1.3	**9,654,970**	8,257,121

8 Financial assets and financial liabilities (continued)

8.1.1 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.

8.1.2 The Company has entered into various agreements namely Water and Energy Conversion Agreement (WECA), Facility Agreement and RAWEC Shareholders' Agreement ("Phase I Agreements"), dated August 7, 2005 as amended on October 31, 2011 to develop a plant, on build, own and operate basis, to supply desalinated water, steam and power to the Company, and an Amended and Restated Agreement ("Phase II Expansion Project Agreement"), dated March 28, 2006 as amended subsequently on March 9, 2015 with RAWEC to expand the existing independent water, steam and power facilities to meet the requirements of Phase II Expansion Project. Pursuant to the Phase I Agreements, the Company provided a loan to RAWEC amounting to Saudi Riyals 3.9 billion carrying interest rate of 5.76% per annum and pursuant to the Phase II Expansion Project Agreement, 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. The loan advanced under the Phase I Agreements was being settled in monthly repayments, commencing from June 30, 2008 running upto November 30, 2023 and the loan advanced under the Phase II Expansion Project Agreement was being settled in monthly repayments, commencing from July 31, 2016 running upto June 30, 2031. These loans are secured by the assets of RAWEC.

During the three-month period ended December 31, 2021, the Company and RAWEC entered into a Memorandum of Understanding (MOU) which was formally signed on January 11, 2022, whereby RAWEC intends to borrow under a refinancing facility made available to RAWEC by a commercial bank to prepay the entire loan and its related interest cost accrued on the loan amount to the Company. Further, in accordance to the terms and conditions of the MOU, RAWEC will also pay the Company a refinancing fee (the "refinancing fee") amounting to approximately Saudi Riyals 236.25 million in order to share the future benefits of its refinancing in a fair and equitable manner, subject to release of all the securities on RAWEC's assets by the Company. On December 30, 2021 RAWEC has paid off the entire loan outstanding to the Company in accordance with the MOU. The refinancing fee has not been recorded in these condensed interim financial statements as conditions relating to the release of securities of RAWEC's assets were not met.

8.1.3 Trade receivables of the Company are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade receivables – related parties	**9,600,206**	8,201,264
Trade receivables – others	**54,764**	55,857
	9,654,970	8,257,121

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**
March 31, 2022 (Unaudited)	**9,654,970**	**9,399,069**	**250,822**	**4,398**	**136**	**-**	**545**	**-**
December 31, 2021 (Audited)	8,257,121	8,102,778	148,659	4,398	136	-	1,150	-

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

8 Financial assets and financial liabilities (continued)

8.2 Financial assets measured at fair value through profit and loss

	March 31, 2022	December 31, 2021
	(Unaudited)	(Audited)
Investment in RAWEC	**16,412**	16,412

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

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

8.3 Financial liabilities measured at amortized cost

Loans, borrowings and other long-term liability

	Notes	**March 31, 2022**	December 31, 2021
		(Unaudited)	(Audited)
Loans from banks and financial institutions	8.3.1	**23,252,653**	23,179,254
Loan from Saudi Industrial Development Fund (SIDF)	8.3.2	**3,276,920**	3,243,426
Loans and facilities from founding shareholders and their affiliates	8.3.3	**12,212,196**	12,157,872
Other facilities	8.3.4	**-**	111,458
Other long-term liability	8.3.5	**37,208**	36,618
		38,778,977	38,728,628
Less: current portion		**(19,244,337)**	(18,898,428)
Non-current portion		**19,534,640**	19,830,200
Trade and other payables	8.3.6	**14,208,568**	12,397,978

8.3.1 Loans from banks and financial institutions

During the year ended December 31, 2015, the Company 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 and certain covenants requirements. The loans are secured by property, plant and equipment and cash and cash equivalents of the Company with a carrying value of Saudi Riyals 43,757 million and Saudi Riyals 5,428 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.

	March 31, 2022	December 31, 2021
	(Unaudited)	(Audited)
Saudi Arabian Oil Company (Saudi Aramco)	**2,287,500**	2,287,500
Sumitomo Chemical Company Limited (Sumitomo Chemical)	**2,287,500**	2,287,500
Accumulated interest:		
Saudi Aramco	**706,955**	695,737
Sumitomo Chemical	**706,955**	695,737
	5,988,910	5,966,474

(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 March 31, 2022. 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 562.5 million as at March 31, 2022. 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 three month period ended March 31, 2022, drawdowns and repayments amounting to Saudi Riyals 1,782.5 million and Saudi Riyals 1,782.5 million, respectively have been made by the Company with a closing balance of Saudi Riyals Nil as at March 31, 2022 (December 31, 2021: Saudi Riyals Nil).

(b) The Company has a credit facility of Saudi Riyals 375 million with a local commercial bank on prevailing market rates. As at March 31, 2022, the facility has been utilized to the extent of Saudi Riyals Nil by the Company (December 31, 2021: Saudi Riyals 111 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 Financial assets and financial liabilities (continued)

8.3.6 Trade and other payables

	March 31, 2022	December 31, 2021
	(Unaudited)	(Audited)
Trade payables:		
- Related parties	**12,859,072**	10,978,479
- Others	**1,259,867**	1,325,595
	14,118,939	12,304,074
Other payables – related parties (see below)	**89,629**	93,904
	14,208,568	12,397,978

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 March 31, 2022 and December 31, 2021 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 for the period

Zakat and tax for the three-month period ended March 31, is as follows:

	2022	2021
	(Unaudited)	(Unaudited)
Zakat for the period	**24,177**	1,794
Income tax for the period	**23,212**	5,437
Deferred tax expense for the period	**41,526**	54,890
	88,915	62,121

Income tax and deferred tax for the three-month period ended March 31, has been recognised as follows:

	2022	2021
	(Unaudited)	(Unaudited)
Condensed interim statement of profit or loss:		
- Income tax	**23,212**	5,437
- Deferred tax expense	**41,526**	54,890
	64,738	60,327

11 Zakat and Tax (continued)

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 2021. 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.

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 Tax Violations and Disputes Appellate Committee (TVDAC) and submitted a bank guarantee amounting to Saudi Riyals 43.5 million. During the year ended December 31, 2021, TVDAC issued its decision reducing the additional Zakat and Tax demand to Saudi Riyals 31.4 million and Saudi Riyals Nil respectively, which the Company had objected and requested TVDAC for reconsideration of their decision and also submitted its request to Tax Violations and Disputes Resolution Committee (TVDRC) for the matters referred to them by TVDAC.

ZATCA had issued revised 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 registered an appeal against the revised assessment with TVDRC. During the three-month period ended March 31, 2022, the TVDRC held the hearing for years 2017 and 2018. The Company is waiting for the formal decision from TVDRC for their review and future course of action. During the year ended December 31, 2021, ZATCA had also issued assessments for the years 2019 and 2020 by raising additional Zakat liability of Saudi Riyals 73.8 million. The company has filed an appeal with ZATCA and submitted bank guarantees amounting to Saudi Riyals 36.9 million for the liabilities under appeal. ZATCA has rejected the Company's appeal and the Company is in the process of registering the appeal against ZATCA's revised assessment with the TVDRC.

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 56.2 million and Saudi Riyals 0.7 million for Zakat and tax respectively from the founding shareholders of the Company.

12 Related parties 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 three-month period ended March 31, are summarized as follows:

	2022	2021
	(Unaudited)	(Unaudited)
Saudi Aramco and its associated companies		
Purchase of goods	**11,939,341**	7,838,268
Sale of refined products and petrochemical products	**12,253,824**	8,180,740
Financial charges	**42,164**	44,146
Rentals	**5,780**	5,397
Secondees' costs	**3,442**	4,405
Service and other cost charges, net	**7,817**	1,066
Sumitomo Chemical and its associated companies		
Purchase of goods	**23,729**	28,810
Sale of petrochemical products	**1,794,203**	1,485,273
Financial charges	**25,716**	25,163
Rentals	**-**	71
Secondees' costs	**1,808**	5,258
Service and other cost charges, net	**23,528**	5,582

12 Related parties transactions and balances (continued)

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 79.8 million (December 31, 2021: Saudi Riyals 39.1 million) and Saudi Riyals 275.1 million (December 31, 2021: Saudi Riyals 267.7 million), respectively.

12.3 Transactions with key management personnel

Transactions with key management personnel on account of short-term benefits amounted to Saudi Riyals 3.5 million (March 31, 2021: Saudi Riyals 3.1 million) of which Saudi Riyals 1.9 million (March 31, 2021: Saudi Riyals 1.7 million) are included in secondees' costs above. The remuneration paid to directors amounted to Saudi Riyals Nil (March 31, 2021: Saudi Riyals Nil).

13 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 March 31, 2022 amounted to Saudi Riyals 731 million (December 31, 2021: Saudi Riyals 1,545 million).

(ii) In addition to the amounts disclosed in note 7.2, capital commitments contracted for but not incurred as at March 31, 2022 amounted to Saudi Riyals 92.9 million (December 31, 2021: Saudi Riyals 66.3 million).

(iii) During the year ended December 31, 2021, Saudi Electricity Company ("SEC") raised a claim against the Company alleging that the Company breached the Power Supply Agreement (the "Agreement") by importing power in excess of the 130MWs threshold set in the Agreement. After payment of an undisputed amount of Saudi Riyals 56.4 million, the remaining disputed amount is Saudi Riyals 317.98 million which consists of penalty on Grid Utilization Fee for 2018 and higher Grid Utilization Fee for 2019 & 2020 compared to the threshold stated as per the Agreement. The matter was initially submitted for the review of Dispute Resolution Committee (the "Committee") under the Electricity Cogeneration Regulatory Authority. In addition to the above, SEC increased the claimed amount to Saudi Riyals 365.7million by adding Saudi Riyals 47.7 million as Grid Utilization Fee for 2021 which was the subject of a new Grid Utilization Agreement negotiated by the Company and SEC, and not part of the above dispute. On December 19, 2021, the Committee issued an administrative decision ordering the Company to pay SEC the claim amount of Saudi Riyals 365.7 million. The Company's management believes that the Committee's decision is flawed on various grounds and represents a breach of the Kingdom's laws, regulations, and/or Shari'a laws. The Company has filed an appeal against the Committee's decision on several grounds with the Administrative Court at the Board of Grievances. The Company's management is confident about the favourable outcome of the appeal; therefore, no provision in this respect has been made in these condensed interim financial statements.

14 Proposed Equity restructuring

On December 6, 2021, the Company's Board of Directors had recommended to the Company's shareholders to restructure its equity structure by:

(i) reducing the Company's share capital against the Company's accumulated losses of upto Saudi Riyals 1,205 million; and

(ii) increasing the Company's share capital through a rights issue with a total value of Saudi Riyals 7,950 million.

The Company appointed a financial advisor to manage the restructuring process and had submitted the required application relating to the restructuring to the Capital Market Authority (CMA) on January 9, 2022. On March 31, 2022, the Company's Board of Directors resolved to no longer pursue the capital reduction thereby withdrawing the capital reduction file submitted to the CMA and proceeding only with increasing the share capital through a rights issue of total value of Saudi Riyals 7,950 million.

Subsequent to the three-month period ended March 31, 2022, the CMA approved the Company's proposed increase in share capital through a rights issue on April 25, 2022. The Company is in the process of finalizing the formalities of convening an extraordinary general assembly meeting of its shareholders to resolve and approve the rights issue.

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 Shawwal 11, 1443H (May 12, 2022).