

Sahara International Petrochemical Company
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three month period ended 31 March 2021
With Independent Auditor's Review Report

**SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

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Commercial Registration No 2051062328

كي بي إم جي للاستشارات المهنية

الطابق الأول، أبراج بالطيور
طريق الملك سعود، الصفا
ص.ب ٤٨٠٣
الخير ٣١٩٥٢
المملكة العربية السعودية
المركز الرئيسي الرياض

سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

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

To the Shareholders of Sahara International Petrochemical Company

Introduction

We have reviewed the accompanying 31 March 2021 condensed consolidated interim financial statements of Sahara International Petrochemical Company ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 31 March 2021;
- the condensed consolidated income statement for the three months period ended 31 March 2021;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three months period ended 31 March 2021;
- the condensed consolidated statement of changes in equity for the three months period ended 31 March 2021;
- the condensed consolidated statement of cash flows for the three months period ended 31 March 2021;
- and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated 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 consolidated 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.

KPMG professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (15,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة. معجلة في المملكة العربية السعودية. رأس مالها (١٥,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبين ومراجعين تقوئين". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والنائمة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarter in Riyadh is 1010425494.


SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

	<u>Notes</u>	<u>31 March 2021 (Unaudited)</u>	<u>31 December 2020 (Audited)</u>
<u>Assets</u>			
<u>Non-current assets</u>			
Property, plant and equipment	6	12,670,262	13,015,719
Right-of-use assets		61,295	61,143
Intangible assets		371,553	379,388
Investments in a joint venture and associates	7	3,579,201	3,493,314
Long term investments		257,473	260,622
Deferred tax assets		4,970	4,970
Long term prepaid employees' benefits		861,367	942,796
Goodwill		630,483	630,483
Other non-current assets		3,331	3,349
Total non-current assets		18,439,935	18,791,784
<u>Current assets</u>			
Inventories	8	957,915	907,526
Trade receivables	12	1,399,737	1,060,918
Prepayments and other current assets		531,512	189,867
Short term investments		318,941	318,115
Cash and cash equivalents		2,734,214	2,496,871
Total current assets		5,942,319	4,973,297
Total assets		24,382,254	23,765,081
<u>Equity and Liabilities</u>			
Equity attributable to the owners of the Company			
Share capital		7,333,333	7,333,333
Share premium		4,134,529	4,145,053
Treasury shares		(69,854)	(59,990)
Statutory reserve		1,252,936	1,252,936
Other reserves		(427,064)	(82,178)
Retained earnings		808,987	397,522
Total owners' equity		13,032,867	12,986,676
Non-controlling interests		1,168,836	849,200
Total equity		14,201,703	13,835,876
<u>Liabilities</u>			
<u>Non-current liabilities</u>			
Long term bank loans and borrowings	9	5,200,008	5,339,916
Long term advances from non-controlling shareholders	9	53,957	53,326
Contractual liabilities		145,814	149,500
Lease liabilities		63,988	63,275
Employees' benefits		612,460	661,191
Deferred tax liabilities		49,400	49,400
Decommissioning liability		139,837	138,945
Other non-current liabilities		8,556	8,556
Total non-current liabilities		6,274,020	6,464,109


SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2021
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

	Notes	31 March 2021 (Unaudited)	31 December 2020 (Audited)
<u>Current liabilities</u>			
Sukuk	9	987,909	987,773
Current portion of long term bank loans and borrowings	9	948,190	1,078,011
Current portion of contractual liabilities		14,746	14,746
Current portion of lease liabilities		4,115	3,898
Trade and other payables		250,170	226,848
Accrued expenses and other current liabilities		1,434,957	927,095
Zakat and income tax payable	5	259,507	219,845
Derivative financial instruments		6,937	6,880
Total current liabilities		3,906,531	3,465,096
Total liabilities		10,180,551	9,929,205
Total equity and liabilities		24,382,254	23,765,081

The condensed consolidated interim financial statements appearing on pages 1 to 21 were approved by the Board of Directors of the Company on 15 Ramadan, 1442H (corresponding to 27 April 2021G) and have been signed on their behalf by:


Khalid Abdullah Al-Zamil
Chairman of the Board


Abdullah Saif Al-Saadoon
Chief Executive Officer



Rushdi Khalid Al-Dulaijan
Vice President, Finance

The accompanying notes 1 through 16 appearing on pages 7 to 21 form an integral part of these condensed consolidated interim financial statements.


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SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

	<u>Notes</u>	<u>31 March 2021 (Unaudited)</u>	<u>31 March 2020 (Unaudited)</u>
Revenue	3	2,030,975	1,404,092
Cost of sales		<u>(1,074,915)</u>	<u>(1,131,700)</u>
Gross profit		956,060	272,392
Selling and distribution expenses		(103,062)	(105,593)
General and administrative expenses		<u>(119,728)</u>	<u>(100,454)</u>
Operating profit		733,270	66,345
Share of profit / (loss) from a joint venture and associates		85,887	(10,153)
Finance income		4,441	6,603
Finance cost		(91,567)	(91,053)
Other (expenses) and income, net	13	<u>(238,971)</u>	<u>(71,857)</u>
Profit / (loss) before Zakat and income tax		493,060	(100,115)
Zakat and income tax expense		<u>(42,109)</u>	<u>(18,782)</u>
Profit / (loss) for the period		<u>450,951</u>	<u>(118,897)</u>
Profit / (loss) attributable to:			
Equity holders of the Company		411,465	(52,825)
Non-controlling interests		<u>39,486</u>	<u>(66,072)</u>
Profit / (loss) for the period		<u>450,951</u>	<u>(118,897)</u>
Earnings / (loss) per share:			
Basic and diluted earnings per share attributable to the equity holders of the Company presented in Saudi Riyals	14	<u>0.57</u>	<u>(0.07)</u>


Khalid Abdullah Al- Zamil
Chairman of the Board



Abdullah Saif Al-Saadoon
Chief Executive Officer


Rushdi Khalid Al-Dulajjan
Vice President, Finance

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SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Profit / (loss) for the period	450,951	(118,897)
Other comprehensive income / (loss)		
<i>Items that will be reclassified to profit or loss in subsequent periods:</i>		
Exchange difference on translation of foreign operations	(123)	(22)
Changes in fair value of derivative financial instruments designated as hedge	(56)	(4,532)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>		
Changes in fair value of financial assets at fair value through other comprehensive income	8,048	(17,323)
Total other comprehensive income / (loss) for the period	7,869	(21,877)
Total comprehensive income / (loss) for the period	458,820	(140,774)
Total comprehensive income / (loss) attributable to:		
Equity holders of the Company	419,334	(74,702)
Non-controlling interests	39,486	(66,072)
Total comprehensive income / (loss) for the period	458,820	(140,774)


Khalid Abdullah Al- Zamil
Chairman of the Board


Abdullah Saif Al-Saadoon
Chief Executive Officer


Rushdi Khalid Al-Dulaijan
Vice President, Finance

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SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

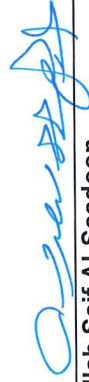
	Attributable to the owners of the Company						Non-controlling interest	
	Share capital	Share premium	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Total	Total
As at 1 January 2020 (Audited)	7,333,333	4,172,667	(2,062)	1,235,350	(433)	603,326	13,342,181	14,338,000
Loss for the period (Unaudited)	-	-	-	-	-	(52,825)	(52,825)	(118,897)
Other comprehensive loss (Unaudited)	-	-	-	-	(21,877)	-	(21,877)	(21,877)
Total comprehensive loss (Unaudited)	-	-	-	-	(21,877)	(52,825)	(74,702)	(140,774)
Net change in other reserves (Unaudited)	-	-	-	-	475	-	475	475
As at 31 March 2020 (Unaudited)	7,333,333	4,172,667	(2,062)	1,235,350	(21,835)	550,501	13,267,954	14,197,701

Attributable to the owners of the Company

	Attributable to the owners of the Company						Non-controlling interest	
	Share Capital	Share premium	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Total	Total
As at 1 January 2021 (Audited)	7,333,333	4,145,053	(59,990)	1,252,936	(82,178)	397,522	12,986,676	13,835,876
Profit for the period (Unaudited)	-	-	-	-	-	411,465	411,465	450,951
Other comprehensive income (Unaudited)	-	-	-	-	7,869	-	7,869	7,869
Total comprehensive income (Unaudited)	-	-	-	-	7,869	411,465	419,334	458,820
Additional share capital, net (Unaudited)	-	-	-	-	-	-	-	23,000
Repurchase of treasury shares (Unaudited)	-	(10,524)	(9,864)	-	-	-	(20,388)	(20,388)
Net change in other reserves (Unaudited)	-	-	-	-	(352,755)	-	(352,755)	1,674
Dividends (Unaudited)	-	-	-	-	-	-	-	(97,279)
As at 31 March 2021 (Unaudited)	7,333,333	4,134,529	(69,854)	1,252,936	(427,064)	808,987	13,032,867	14,201,703



Khalid Abdullah Al-Zamil
Chairman of the Board



Abdullah Saif Al-Saadoon
Chief Executive Officer




Rushdi Khalid Al-Dulajjan
Vice President, Finance

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SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Cash flow from operating activities		
Profit / (loss) before Zakat and income tax for the period	493,060	(100,115)
<i>Non-cash adjustments to reconcile profit / (loss) before Zakat and income tax to net cash flow generated from operating activities:</i>		
Depreciation of property, plant and equipment	194,593	213,923
Depreciation of right-of-use assets	940	659
Impairment loss	260,000	280,000
Amortization of intangible assets and deferred costs	20,877	17,434
Amortization of contractual liabilities	(3,686)	(2,435)
Gain on precious metal	(14,247)	(206,142)
Share of (profit) / loss from a joint venture and associates	(85,887)	10,153
Provision for employees' benefits	19,861	18,197
Inventories - written off	-	10,863
Net foreign exchange difference	481	(486)
Finance income	(4,441)	(6,603)
Finance cost	91,567	91,053
	973,118	326,501
Changes in:		
Trade receivables	(338,819)	(127,218)
Inventories	(50,389)	99,647
Prepayments and other current assets	(342,973)	(92,371)
Accrued expenses, trade and other payables	494,635	245,435
Proceeds under home ownership program	73,865	15,745
	809,437	467,739
Cash flows from operations	(72,542)	(1,534)
Employee benefits paid	(2,447)	(473)
Zakat and income tax paid	734,448	465,732
	734,448	465,732
Net cash generated from operating activities		
Cash flow from investing activities		
Additions to property, plant and equipment	(111,956)	(109,973)
Additions to long term prepaid employees' benefits, net	(3,319)	(1,939)
Additions to Intangibles	-	(317)
Movement in long- and short-term investments, net	12,057	(407)
Finance income received	5,769	4,357
Sale proceed from disposal of precious metals	14,893	335,234
	(82,556)	226,955
Net cash (used) in / generated from investing activities		
Cash flow from financing activities		
Proceeds from long term loans and borrowings	700,000	450,000
Repayment of long-term loans and borrowings	(962,149)	(206,149)
Net change in advances from non-controlling shareholders	631	(17,585)
Movement in treasury shares, net	(9,864)	-
Movement in share premium	(10,524)	-
Movement in non-controlling interests	(74,279)	-
Interest paid	(56,208)	(35,425)
Payment of lease liabilities	(1,552)	(634)
	(413,945)	190,207
Net cash (used) in / generated from financing activities		
Net change in cash and cash equivalents	237,947	882,894
Cash and cash equivalents at 1 January	2,496,871	1,791,277
Effect of exchange rate fluctuations	(604)	464
Cash and cash equivalents at 31 March	2,734,214	2,674,635


Khalid Abdullah Al- Zamil
Chairman of the Board


Abdullah Saif Al-Saadoon
Chief Executive Officer


Rusldi Khalid Al-Dulaijan
Vice President, Finance

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**SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED**

1. CORPORATE INFORMATION

Sahara International Petrochemical Company "Sipchem" or "the Company", (formerly Saudi International Petrochemical Company), is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial registration number 1010156910 dated 14 Ramadan 1420H, corresponding to 22 December 1999.

The Company's head office is in the city of Riyadh with a branch in Al-Khobar, where the headquarters for the executive management is located, which is registered under commercial registration number 2051023922 dated 30 Shawwal 1420H, corresponding to 6 February 2000, and another branch in Jubail Industrial City which is registered under commercial registration number 2055007570 dated 4 Jumada Al-Awal, 1427H, corresponding to 1 June 2006.

The principal activities of the Company are to own, establish, operate and manage industrial projects especially those related to chemical and petrochemical industries. The Company incurs costs on projects under development and subsequently establishes a separate Company for each project that has its own commercial registration. Costs incurred by the Company are transferred to the separate companies when they are established.

Economic environment and its effects on business:

On 11 March 2020, the World Health Organization declared COVID-19 coronavirus outbreak to be a pandemic. Consequently, asset prices became more volatile and a marked decline was seen in long-term interest rates in developed economies. These circumstances impacted FY2020 and resulted in a decrease in sales, net income, EBIT, free cash flow and other financial metrics.

Sipchem, in response to these developments, implemented active prevention programs at its sites and devised contingency plans in order to minimize the risks related to COVID-19 and to continue business operations, ensuring the health and safety of its employees, customers, contractors and wider community. During Q1 2021, Sipchem is recovering very well from these impact and the future outlook looks promising in relation to sales, net income, EBIT, free cash flow and other financial metrics.

Sipchem has also taken measures to optimize spending, which have resulted in reducing operational and capital expenditures during the period. Additionally, the Group has secured additional credit facilities to ensure sufficient funds remain available to meet forecasted cash flow requirements and limit any potential financial exposure. Moreover, the management has considered potential impacts of the current economic uncertainties and volatility in determining the carrying amounts of the Group's financial and non-financial assets. These are based on management's best estimates based on observable information at the year end. Also, the changes in geographical distribution of the Sipchem's customer base, compared to previous period have assisted the management to minimize demand and recoverability challenges from Covid-19. Sipchem also continues to monitor long term supplier contracts in order to ensure minimal disruption in operations and timely delivery of its products.

**SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED**

1. CORPORATE INFORMATION (continued)

As of 31 March, the Company has the following subsidiaries (the Company and its subsidiaries hereinafter referred to as "the Group"):

Subsidiaries	Effective ownership percentage at 31 March	
	2021	2020
Sahara Petrochemicals Company ("Sahara")	100%	100%
International Methanol Company ("IMC")	65%	65%
International Diol Company ("IDC")	95.65%	53.91%
International Acetyl Company ("IAC") (1.1)	89.52%	89.52%
International Vinyl Acetate Company ("IVC") (1.1)	89.52%	89.52%
International Gases Company ("IGC")	97%	97%
Sipchem Marketing Company ("SMC")	100%	100%
Sahara Marketing Company ("SaMC")	100%	100%
International Utility Company ("IUC")	78.20%	78.20%
International Polymers Company ("IPC")	75%	75%
Sipchem Chemical Company ("SCC")	100%	100%
Sipchem Europe Cooperative U.A	100%	100%
Sipchem Europe B.V.	100%	100%
Sipchem Europe SA (Formerly Aectra SA)	100%	100%
Gulf Advance Cable Insulation Company (GACI) (1.2)	50%	50%
Saudi Specialized products Company (SSPC)	100%	75%
Sipchem Asia PTE Ltd. (1.3)	100%	100%
Sipchem Advance Technology Company (1.4)	100%	100%

Sahara is principally involved in investing in industrial projects, especially in the petrochemicals and chemical fields and to own and execute projects necessary to supply raw materials and utilities.

The principal activity of IMC is the manufacturing and sale of methanol. IMC commenced its commercial operations in 2004.

The principal activity of IDC is the manufacturing and sale of maleic anhydride, butanediol and tetra hydro furan. IDC commenced its commercial operations in 2006. During Q1 2021, IDC ownership has been increased from 53.91% to 95.65% by purchasing the interest from non-controlling shareholders.

The principal activities of IAC and IVC are the manufacturing and sale of acetic acid and vinyl acetate monomer respectively. IAC and IVC commenced their commercial activities in 2010.

The principal activity of IGC is the manufacturing and sale of carbon monoxide. IGC commenced its commercial operations in 2010.

The principal activities of SMC and SaMC are to provide marketing services for the products manufactured by the Group Companies and other petrochemical products.

The principal activity of IUC is to provide industrial utilities to the group companies.

The principal activity of IPC is to manufacture and sell low-density polyethylene (LDPE), polyvinyl acetate (PVAC) and polyvinyl alcohol (PVA). IPC commenced its commercial operations from 1 April 2015 after successful commissioning, testing and completion of acceptance formalities with the main contractors.

The principal activity of SCC is the manufacture and sale of ethyl acetate, butyl acetate and polybutylene terephthalate. The ethyl acetate plant commenced its commercial operations in 2013 while Polybutylene Terephthalate Plant (PBT) commenced the commercial operations on 1 July 2018 after successful commissioning, testing and completion of acceptance formalities.

**SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021
EXPRESSED IN SAUDI RIYALS IN THOUSANDS UNLESS OTHERWISE STATED**

1. CORPORATE INFORMATION (continued)

The principal activities of Sipchem Europe Cooperative U.A and its 100% owned subsidiaries including Sipchem Europe B.V. and Sipchem Europe SA are to provide marketing and distribution of petrochemical products of the Company.

The principal activities of Sipchem Asia pte Ltd is to act as a marketing agent and coordinator for sales of the Company's products.

The principal activity of GACI is the manufacture and sale of cross-linked polyethylene and electrical connecting wire products. GACI commenced its commercial operations from 1 June 2015 after the successful commissioning, testing and completion of acceptance formalities with the main contractors.

The principal activities of SSPC which was established in 2014, is the manufacture and sale of moulds and dies and related services as well as production of Ethylene-Vinyl Acetate "EVA" films. The EVA film plant has commenced commercial operations on 1 January 2019.

- 1.1.** On 22 June 2009, one of the shareholders of IAC and IVC contributed less than required contribution towards shareholders' advances and Sipchem agreed to contribute more than its required level to support the project. As a result, the Group's effective percentage of interest in both the companies increased by 2.52%. In February 2016, the Group acquired an additional 11% shares from a minority shareholder (Ikarus Petroleum Industries Company) in each of IAC and IVC, increasing its effective ownership from 78.52% to 89.52% for a consideration of SR 375.3 million. The Group recognized a reduction in non-controlling interests of SR 339.4 million and a reduction of SR 35.9 million in the equity attributable to the shareholders.
- 1.2.** The Group has only a 50% share in GACI. However, pursuant to the shareholders agreement, the control over the relevant activities and the operations of Gulf Advanced Cable Insulation Company are with the Group. Accordingly, the investee company is treated as a subsidiary of the Group.
- 1.3.** The investee company was incorporated in 2013 in Singapore. Its Article of Association is dated 13 Jumada Al-Awal, 1434H, corresponding to 25 March 2013. The principal activity of the Company is to provide marketing services for the products manufactured by the Group.
- 1.4.** In 2019, share capital of Sipchem Specialized Technology Company amounting to SR 5,000,000 was paid. The principal activity of this Company is the manufacturing of metal equipment and spare parts. The Tool Manufacturing Factory ("TMF") plant has started commercial operations from 1 November 2016 and was transferred from SSPC to SAT in 2020.
- 1.5. Joint Operation**
The Company, through its subsidiary Sahara, holds 75% equity interest in Al-Waha Petrochemicals Company ("Al-Waha"), a Joint Operation which is primarily involved in manufacturing of Polypropylene.
- 1.6. Equity accounted investees**
The Company, through its subsidiary Sahara, holds 50% equity interest in Sahara and Ma'aden Petrochemicals Company ("SAMAPCO"), a Joint Venture which is primarily involved in manufacturing of Caustic Soda and Ethyl di-Chloride.

The Company, through its subsidiary Sahara, also holds equity interests in following associates which are primarily involved in manufacturing of petrochemical products:

	Effective ownership percentage at 31 March	
	2021	2020
Tasnee and Sahara Olefins Company ("TSOC")	32.55%	32.55%
Saudi Acrylic Acid Company ("SAAC")	43.16%	43.16%
Khair Inorganic Chemicals Industries Company ("Inochem")	30.00%	30.00%

**SAHARA INTERNATIONAL PETROCHEMICAL COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance

These condensed consolidated interim financial statements ("Interim Financial Statements") have been prepared in accordance with IAS 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA"), and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020 ("Last Annual Financial Statements"). They do not include all of the information required for a complete set of IFRS financial statements. However, changes in accounting policies and selected explanatory notes (if any) are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

2.2. Basis of preparation

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following material items in the condensed consolidated statement of financial position:

- Investment in certain equity securities and certain financial assets measured at fair value;
- The defined benefit obligation is recognised at the present value of future obligations using the Projected Unit Credit Method; and
- Derivative financial instruments that are measured at fair value.

2.3. Use of judgements and estimates

In preparing these Interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Except for the change in estimate for value in use of certain CGUs as discussed in Note-6, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements. Further, the management continues to closely monitor any material developments across the markets in which it operates and sells its products and taking adequate measures to ensure estimates and judgements remain reasonable. Material changes (if any) will be reflected as a part of the operating results and cash flows of the future reporting periods.

2.4. Basis of consolidation

The interim financial statements comprise the consolidated interim financial statements of the Company and its subsidiaries (Note 1) for the period ended 31 March 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

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2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4. Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the condensed consolidated interim financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group and non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions among members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed off the related assets or liabilities.

Non-Controlling Interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as an equity transactions.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.5. Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2020.

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2.6. SUMMARY OF CHANGES IN SIGNIFICANT ACCOUNTING POLICIES DUE TO NEW STANDARDS

A. New and revised standards with no material effect on the financial statements

The following revised IFRSs have been adopted. The application of these revised IFRSs did not have any material impact on the amounts reported for current and prior periods.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16), effective for annual periods beginning on or after 1 January 2020.
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16), effective for annual periods beginning on or after 1 January 2020.

B. New and revised standards issued but not yet effective

- Onerous Contracts Cost of Fulfilling a Contract (Amendments to IAS 37), effective for annual periods beginning on or after 1 January 2022.
- Annual Improvements to IFRS Standards 2018-2020, effective for annual periods beginning on or after 1 January 2022.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16), effective for annual periods beginning on or after 1 January 2022.
- Reference to the Conceptual Framework (Amendments to IFRS 3), effective for annual periods beginning on or after 1 January 2022.
- IFRS 17 Insurance Contracts, effective for annual periods beginning on or after 1 January 2023.
- Classification of liabilities as current or non-current (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2023.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) with effective annual period yet to be determined.

The above-mentioned IFRSs are not expected to have a significant impact on the financial statements of the Group.

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3. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group's operations and main revenue streams are those described in the last annual financial statements.

i) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Primary geographic markets		
Foreign countries	1,904,601	1,135,672
Saudi Arabia	126,374	268,420
	2,030,975	1,404,092
Major products/service lines		
Petrochemical products	2,023,573	1,392,052
Product on contract basis - specialized products, tools etc	7,402	12,040
	2,030,975	1,404,092
Timing of revenue recognition		
Product transferred at a point in time	2,023,573	1,392,052
Product transferred over time	7,402	12,040
	2,030,975	1,404,092

ii) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Receivables included in trade receivables	1,385,052	1,053,388
Contract assets included in trade receivables	14,685	7,530
Contract liabilities	(160,560)	(164,246)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contractual liabilities primarily relate to the advance consideration received from customers for which revenue is recognised on satisfaction of performance obligation.

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4. SEGMENT INFORMATION

The Group has the following operating segments:

- **Basic Chemicals**, which includes Methanol, Butane products and Carbon monoxide.
- **Intermediate chemicals**, which includes Acetic acid, Vinyl acetate monomer, Ethyl acetate, Butyl acetate, and utilities.
- **Polymers**, which includes Low-density polyethylene, polyvinyl acetate, polyvinyl alcohol, Polybutylene terephthalate, and electrical connecting wire products. This segment also includes polypropylene.
- **Marketing**, which includes trading revenues of Sipchem Marketing Company and its foreign subsidiaries as defined in Note 1.
- **Corporate and others**, which includes Sipchem, EVA films and Tool manufacturing plant. This segment also includes Sahara's enabling functions and support activities.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in these consolidated financial statements.

Period ended 31 March 2021 (Unaudited)	Basic chemicals	Intermediate chemicals	Polymers	Marketing	Corporate and others	Consolidation elimination	Total
Revenue							
External customers	548,798	528,923	811,403	134,450	7,401	-	2,030,975
Inter-segment	99,318	233,104	17,387	1,322,120	-	(1,671,929)	-
Total revenue	648,116	762,027	828,790	1,456,570	7,401	(1,671,929)	2,030,975
Gross profit / (loss)	381,884	233,107	310,694	61,566	(3,488)	(27,703)	956,060
Operating profit / (loss)	310,275	172,470	245,633	48,149	(21,935)	(21,322)	733,270
Share of profit from associates and joint venture	-	-	-	-	85,887	-	85,887
Profit / (loss) before Zakat and tax	290,523	152,247	(48,093)	48,246	146,679	(96,542)	493,060
Total assets	3,999,330	5,447,042	7,229,776	1,735,393	25,231,640	(19,260,927)	24,382,254
Total liabilities	2,766,146	2,400,313	3,230,106	1,284,973	5,460,921	(4,961,908)	10,180,551
Capital expenditure	15,790	57,781	10,382	2	28,001	-	111,956

Period ended 31 March 2020 (Unaudited)	Basic chemicals	Intermediate chemicals	Polymers	Marketing	Corporate and others	Consolidation elimination	Total
Revenue							
External customers	342,567	353,149	492,647	203,689	12,040	-	1,404,092
Inter-segment	122,753	238,267	14,157	818,775	-	(1,193,952)	-
Total revenue	465,320	591,416	506,804	1,022,464	12,040	(1,193,952)	1,404,092
Gross profit / (loss)	198,645	10,256	28,617	32,853	(3,359)	5,380	272,392
Operating profit / (loss)	128,029	(52,310)	(23,482)	18,946	(17,339)	12,501	66,345
Share of loss from associates and joint venture	-	-	-	-	(10,153)	-	(10,153)
Profit / (loss) before Zakat and tax	10,857	124,213	(56,926)	19,894	(204,016)	5,863	(100,115)
Total assets	3,955,249	5,499,722	7,344,612	1,178,755	23,118,688	(16,684,239)	24,412,787
Total liabilities	1,979,594	2,188,101	3,415,604	802,866	5,462,111	(3,633,190)	10,215,086
Capital expenditure	38,137	10,951	37,586	-	23,299	-	109,973

Revenue based on geographical information

	Saudi Arabia	Foreign countries	Total
Revenue from external customers			
31 March 2021	126,374	1,904,601	2,030,975
31 March 2020	268,420	1,135,672	1,404,092

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4. SEGMENT INFORMATION (continued)

Revenue by geography and segment

	For the period ended 31 March 2021 (Unaudited)					
	Basic chemicals	Intermediate chemicals	Polymers	Marketing	Corporate and others	Total
<i>Revenue:</i>						
Foreign countries	466,754	528,923	795,466	106,057	7,401	1,904,601
Saudi Arabia	82,044	-	15,937	28,393	-	126,374
Total revenue	548,798	528,923	811,403	134,450	7,401	2,030,975
	For the period ended 31 March 2020 (Unaudited)					
	Basic chemicals	Intermediate chemicals	Polymers	Marketing	Corporate and others	Total
<i>Revenue:</i>						
Foreign countries	316,858	297,734	414,504	106,576	-	1,135,672
Saudi Arabia	25,709	55,415	78,143	97,113	12,040	268,420
Total revenue	342,567	353,149	492,647	203,689	12,040	1,404,092

5. ZAKAT AND INCOME TAX

Outstanding assessments:

Details of outstanding assessments of the Group are the same as disclosed in Group's last annual financial statements for the year ended 31 December 2020 except for the following:

Sahara International Petrochemical Company (formerly Saudi International Petrochemical Company)

During Q1 2021, Sipchem received General Secretariat of Tax Committees ("GSTC") notification for appeal hearing against General Authority of Zakat and Income Tax ("GAZT") revised zakat assessments to be held in April 2021. This is related to 2011 to 2014 assessments.

During Q1 2021, Sipchem received revised assessment from GAZT with a liability of SR 6.9 million. Sipchem has filed appeal against the revised assessment at GSTC. GSTC review is awaited. This is related to 2015 to 2018 assessments.

International Acetyl Company (IAC)

During Q1 2021, IAC received GSTC decision with partial acceptance of appeal. The Company has escalated the appeal to the second level of GSTC to review the case for items not in favor of IAC. Company awaits GSTC second level review. This is related to 2006 to 2008 assessments.

During Q1 2021, GAZT conducted a hearing session to discuss the IAC's appeal. Following the conduct of hearing GAZT issued revised assessment with a Zakat liability of SR 153K which has already been settled by IAC. This is related to 2011 to 2014 assessments. Accordingly, the assessments for the years 2011 to 2014 is considered finalized and closed.

International Vinyl Acetate Company (IVC)

During Q1 2021, IVC received GSTC decision with rejection of appeal. The Company has escalated the appeal to the second level of GSTC to review the case. Company awaits GSTC second level review. This is related to 2011 to 2012 assessments.

During Q1 2021, IVC escalated the appeal to the GSTC against the GAZT's revised assessment. GSTC requested IVC to submit an additional appeal memo against the GAZT's viewpoints. The Company is in process of drafting the memo and will submit in April 2021 on its due date. This is related to 2013 to 2014 assessments.

During Q1 2021, IVC received rejection notification of appeal from GAZT. The Company has escalated the appeal to the GSTC. Company awaits GSTC review. This is related to 2015 assessment of capital gain tax ("CGT").

During Q1 2021, IVC filed appeal with GAZT against the Tax assessment. The GAZT rejected the IVC's appeal. Subsequently Company escalated the appeal to the GSTC. GSTC review is awaited. This is related to 2015 assessment of income tax.

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5. ZAKAT AND INCOME TAX (CONTINUED)

Saudi Specialized Products Company (SSPC)

During Q1 2021, SSPC received revised assessment from GAZT with a liability of SR 0.85 million. The Company has escalated the appeal to GSTC. GSTC review is awaited. This is related to 2017 to 2018 assessments.

Al-Waha Petrochemical Company (Al-Waha)

During Q1 2021, Al-Waha received final assessments from GAZT with a Zakat/tax/delay fine liability of SR 4.3 million. The Company is currently reviewing the assessment and intends to file objection. This is related to 2015 to 2018 assessments.

6. PROPERTY, PLANT AND EQUIPMENT

a. Acquisitions and disposals

- During the three months period ended 31 March 2021, the Group acquired assets with a cost of SR 111.9 million (three months period ended 31 March 2020: SR 109.9 million).
- During the three months period ended 31 March 2021, gain of SR 14.2 million has been recognized from sale of certain precious metals. (three months period ended 31 March 2020: SR 206.1).
- During the three months period ended 31 March 2021, assets with a carrying amount of SR 0.6 million (three months period ended 31 March 2020: SR Nil) were written off.

b. Capital work in progress

The Group's capital work-in-progress as at 31 March 2021 is SR 602.9 million (as at 31 December 2020: SR 577.3 million) comprises mainly of costs related to Integration management office "IMO" cost, turnaround costs and other costs related to several projects for improvements and enhancements of operating plants.

c. Impairment

PBT and GACI

Management of the Group, in line with its strategy of improving profitability and efficiency of operations, and ensuring the best level of liquidity and stability, decided to do impairment of PBT and GACI CGUs. Recoverable amount was estimated based on value-in-use calculations which used cash flow projections from revised financial budgets and five-year forecasts. As a result of the exercise, the Group determined that the recoverable amount of PBT and GACI CGUs was less than its carrying amount. Therefore, an additional impairment loss of SR 160 million and SR 100 million was recognized in 2021 financial results in PBT and GACI respectively.

This is in addition to impairment loss of SR 150 million in PBT previously recognized in the 2019 annual financial results and SR 300 million in PBT recognised in 2016 financial results. No impairment has been recorded previously with respect to GACI plant.

IDC

During FY 2020, following Covid-19 and economic outlook for the near term, management re-assessed the recoverable amount of IDC CGU during the period ended 31 March 2020, and an additional impairment loss was recognized amounting to SR 100 million in Q1 2020 results. For the current period ended, 31 March 2021, management has reassessed IDC performance and as of the period end date, management believes no additional impairment is required in IDC CGU.

Historically with respect to IDC, an impairment loss of SR 256 million is recognized in the 2019 annual financial results and SR 400 million is recognised in 2016 financial results.

The key assumptions used in the estimation of value in use for PBT, GACI and IDC CGUs were as follows:

	<u>2021</u>	<u>2020</u>
Discount rate	10%	10%
Terminal Value growth rate	2%	2%

The discount rate was a pre-tax measure calculated based on weighted average cost of capital, using capital asset pricing model ("CAPM") model to calculate the cost of equity. CAPM model used was adjusted for a risk premium to reflect both the increased risk of investing in equities generally and systematic risk of the specific CGU. Five years of cash flows were included in the discounted cash flow model, and a terminal value growth rate of 2% from 2025 has been determined by reference to nominal Gross Domestic Product (GDP) of Saudi Arabia, i.e. the country where the CGUs operate. Following the impairment loss recognized in Group's CGUs as identified above, the recoverable amount was equal to the carrying amount. Therefore, any movement in the key assumptions would cause a change in impairment loss. Furthermore, other CGUs were analyzed by the management considering current situation and recessionary outlook and there is no impairment on other CGUs.

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7. INVESTMENTS IN A JOINT VENTURE AND ASSOCIATES

	Note	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Investment in a joint venture		135,725	120,628
Investment in associates	7.1	3,443,476	3,372,686
		3,579,201	3,493,314

7.1. Investment in Associates

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Investment in Associates:		
Tasnee and Sahara Olefins Company	3,249,857	3,178,072
Khair Inorganic Chemical Industries Company	193,619	194,614
	3,443,476	3,372,686

8. INVENTORIES

As at 31 March 2021, the Group wrote down its finished goods inventory by SR Nil (As at 31 March 2020: SR 10.9 million) on account of an increase in the cost of production of certain finished goods exceeding the selling prices. The write-down is included in 'cost of sales' in the condensed consolidated income statement.

9. LOANS AND BORROWINGS

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Current loans and borrowings		
Shari'a compliant loans	634,529	692,303
Saudi Industrial Development Fund ("SIDF")	313,661	331,500
Public Investment Fund loans ("PIF")	-	54,208
	948,190	1,078,011
Islamic Murabaha bonds (SUKUK)	987,909	987,773
Total current loans and borrowings	1,936,099	2,065,784
Non-current loans and borrowings		
Shari'a compliant loans	5,200,008	4,909,272
Saudi Industrial Development Fund ("SIDF")	-	132,523
Public Investment Fund loans ("PIF")	-	298,121
	5,200,008	5,339,916
Other non-current loans		
Advances from non-controlling shareholders	53,957	53,326
Total non-current loans and borrowings	5,253,965	5,393,242
Total loans and borrowings	7,190,064	7,459,026

The loan bears financial charges at Saudi Arabian Inter Bank Offered Rate ("SAIBOR") plus a specified fixed margin. During the three month period ended 31 March 2021, the Group obtained Sharia' compliant loans amounting to SR 700 million (31 March 2020 : SR 450 million) which carries interest at market rates, and repaid an amount of SR 962 million (31 March 2020 : SR 206 million) related to Sharia' compliant, SIDF and PIF loans.

As at 31 March 2021, PBT is in covenant breach of maintaining current ratio and leverage ratio for SIDF loan. Accordingly, entire SIDF outstanding liability related to PBT has been classified as current liability.

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10. FINANCIAL INSTRUMENTS

The Group's principal financial assets include cash and cash equivalents, trade receivable, long term investments and certain other receivables that arise directly from its operations. The Group's principal financial liabilities comprise short and long term loans and borrowings, advances from partners and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations.

Fair value hierarchy

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated interim financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

The following table shows the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value:

	Carrying amount	Fair value	Level 1	Level 2	Level 3
As at 31 March 2021 (Unaudited)					
<u>Short term investments</u>					
Equity securities	20,074	20,074	20,074	-	-
<u>Long term investments</u>					
Listed mutual fund	65,550	65,550	65,550	-	-
Unlisted mutual fund	115,703	115,703	-	115,703	-
Equity shares	15,967	15,967	15,967	-	-
Total	217,294	217,294	101,591	115,703	-
As at 31 December 2020 (Audited)					
<u>Short term investments</u>					
Equity securities	20,036	20,036	20,036	-	-
<u>Long term investments</u>					
Listed mutual fund	63,750	63,750	63,750	-	-
Unlisted mutual fund	121,095	121,095	-	121,095	-
Equity shares	15,522	15,522	15,522	-	-
Total	220,403	220,403	99,308	121,095	-

11. COMMITMENTS AND CONTINGENCIES

Commitments

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Capital commitments	304,336	250,522

Contingencies

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Letters of guarantee and credit	647,417	640,260

Contingent liabilities

In addition, the Group has no material contingent liabilities as at period ended 31 March 2021 except for those as disclosed in Note 5 to the condensed consolidated interim financial statements.

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12. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Company's shareholders, associated companies and their shareholders, key management personnel, Board of Directors, and entities controlled, jointly controlled or significantly influenced by such parties. During the period, the Group transacted with the following related parties:

Name	Relationship
Japan Arabia Methanol Company Limited ("JAMC")	Shareholder of a subsidiary
HELM - Arabia GmbH & Co. KG ("Helm - Arabia")	Shareholder of a subsidiary
Hanwha Chemical Malaysia Sdn Bhd ("Hanwha")	Shareholder of a subsidiary
SAMAPCO	Joint venture of a subsidiary
Lyondell Basell	Shareholder of joint operations of a subsidiary
SAAC	Associated Company
Saudi Ethylene and Polyethylene Company ("SEPC")	Associated Company

a) Significant transaction with related parties other than key management personnel

Transactions with related parties have been disclosed below:

Related party	Nature of transaction	For the three month period ended 31 March 2021 (Unaudited)	For the three month period ended 31 March 2020 (Unaudited)
Hanwha	Sales made to Hanwha	185,668	125,186
JAMC	Sales made to JAMC	82,893	56,087
SAMAPCO	Shared service cost charged to SAMAPCO	38,475	23,162
Lyondell Basell	Sales made to Lyondell Basell	100,923	44,728
	Shared services cost charged to Lyondell Basell	8,439	7,621
SEPC	Purchase of ethylene by Al-Waha	5,030	6,219
	Purchase of ethylene by IVC	74,240	86,930

The above transactions resulted in the following unsecured balances with related parties:

i) Trade receivables

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Lyondell Basell and its associates	218,536	194,815
Hanwha Chemical Malaysia Sdn Bhd	136,170	100,037
Japan Arabia Methanol Company Limited (JAMC)	49,720	44,446
	404,426	339,298

ii) Prepayment and other current assets

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
SAMAPCO	100,189	34,465
Lyondell Basell	21,318	4,429
	121,507	38,894

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12. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

a) Significant transaction with related parties other than key management personnel
iii) Accrued expenses and other current liabilities

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
SAMAPCO	13,682	35,611
Lyondell Basell	90,591	40,866
Hanwha	5,706	5,619
Helm - Arabia	-	5,523
	109,979	87,619

b) Key management personnel

Key management personnel of the Group comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation is as follows:

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Short-term employee benefits	2,513	3,075
End of service benefits	921	241
Thrift plan	285	107
Share based payment transactions	35	6
Total compensation related to key management personnel	3,754	3,429

13. OTHER (EXPENSES) AND INCOME, NET

	Notes	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Other income	13.1	25,419	211,796
Other expenses	13.2	(264,390)	(283,653)
		(238,971)	(71,857)

13.1. Other income

	Notes	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Gain on precious metal	13.1.1	14,247	206,142
Others		11,172	5,654
		25,419	211,796

13.1.1. Income of SR 14.2 million (three month period ended 31 March 2020: SR 206.1 million) represents gain of sale of certain precious metals used as catalysts in certain plants. The Group has opted to lease such precious metals instead of outright ownership.

13.2. Other expenses

	Notes	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Impairment loss	13.2.1	(260,000)	(280,000)
Others		(4,390)	(3,653)
		(264,390)	(283,653)

13.2.1. Loss from impairment of certain CGUs amounting to SR 260 million (three months period ended 31 March 2020: SR 280 million) - for detail refer to note 6.

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14. EARNINGS PER SHARE

The calculation of Earnings per share has been based on the following profit attributable to the equity holders of the Company and weighted average number of ordinary shares outstanding:

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Profit / (loss) attributable to the equity holders of the Company	<u>411,465</u>	<u>(52,825)</u>
Weighted average number of ordinary shares outstanding during the period	<u>727,162</u>	<u>733,127</u>
Basic and diluted earnings / (loss) per share attributable to the equity holders of the Company	<u>0.57</u>	<u>(0.07)</u>

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to comply with the current period presentation of the financial statements.

16. SUBSEQUENT EVENTS

No adjusting event occurred between 31 March 2021 and the date of authorization of these condensed consolidated interim financial statements by the Board of Directors, which may have an impact on these condensed consolidated interim financial statements.