



ADVANCED PETROCHEMICAL COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

ADVANCED PETROCHEMICAL COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)



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FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ADVANCED PETROCHEMICAL COMPANY (A SAUDI JOINT STOCK COMPANY)

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of Advanced Petrochemical Company ("the Company"), a Saudi Joint Stock Company, and its subsidiaries (collectively referred to as "the Group") as at 31 March 2024, and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review:

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial 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 interim condensed consolidated financial statements are not prepared, in all material respects in accordance with IAS 34 endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

Marwan S. AlAfaliq
Certified Public Accountant
License No. (422)



Al Khobar: 8 Dul Al-Qidah 1445H
16 May 2024

ADVANCED PETROCHEMICAL COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)



INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three-month period ended	
		31 March	
		2024	2023
		(Unaudited)	(Unaudited)
Sales		321,230	626,873
Cost of sales		(294,215)	(525,188)
GROSS PROFIT		27,015	101,685
Selling and distribution expenses		(7,358)	(7,025)
General and administration expenses		(44,997)	(30,240)
OPERATING (LOSS) PROFIT		(25,340)	64,420
Finance costs		(1,179)	(331)
Share in results of an associate	7	(34,463)	(21,808)
Other income, net		502	725
(LOSS) PROFIT BEFORE ZAKAT AND INCOME TAX		(60,480)	43,006
Zakat and income tax expense			
<i>Zakat</i>		-	(1,175)
<i>Current tax</i>		-	(27)
(LOSS) PROFIT FOR THE PERIOD		(60,480)	41,804
Attributable to:			
Equity holders of the Parent Company		(58,369)	42,688
Non-controlling interest		(2,111)	(884)
		(60,480)	41,804
Basic and diluted (loss) earnings per share			
- (Loss) earnings per share from profit for the period attributable to equity holders of the Parent Company	14	(0.226)	0.165

KHALIFA A. AL-MULHEM
Chairman of the Board

FAHAD S. AL-MATRAFI
President & CEO

ABDULAZIZ S. AL-ARDHI
Chief Financial Officer

The attached notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

ADVANCED PETROCHEMICAL COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)



**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three-month period ended 31 March	
		2024 <i>(Unaudited)</i>	2023 <i>(Unaudited)</i>
(LOSS) PROFIT FOR THE PERIOD		(60,480)	41,804
OTHER COMPREHENSIVE (LOSS) INCOME			
<i>Other comprehensive loss to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of investment in an associate	7	<u>(8,206)</u>	<u>(17,605)</u>
<i>Net other comprehensive loss to be reclassified to profit or loss in subsequent periods</i>		<u>(8,206)</u>	<u>(17,605)</u>
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Unrealized fair value gain (loss) on equity investment at fair value through other comprehensive income		<u>57,329</u>	<u>(5,212)</u>
<i>Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</i>		<u>57,329</u>	<u>(5,212)</u>
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		<u>49,123</u>	<u>(22,817)</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD		<u>(11,357)</u>	<u>18,987</u>
Total comprehensive (loss) income			
Attributable to:			
Equity holders of the Parent Company		<u>(9,246)</u>	19,871
Non-controlling interest		<u>(2,111)</u>	(884)
		<u>(11,357)</u>	<u>18,987</u>

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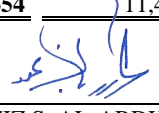
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	31 March 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		9,332,509	8,614,556
Right-of-use assets		176,379	178,210
Investment in an associate	7	334,869	377,538
Investment in an unconsolidated subsidiary		376	376
Equity investment at fair value through other comprehensive income		518,200	460,870
Other non-current assets	8	196,897	203,329
TOTAL NON-CURRENT ASSETS		10,559,230	9,834,879
CURRENT ASSETS			
Inventories		222,071	193,360
Trade receivables		194,255	331,480
Prepayments and other current assets		179,492	186,868
Cash and cash equivalents		117,606	923,664
TOTAL CURRENT ASSETS		713,424	1,635,372
TOTAL ASSETS		11,272,654	11,470,251
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1	2,600,000	2,600,000
Treasury shares	1	(79,301)	(79,301)
Statutory reserve		-	481,898
Other components of equity	6	19,851	(30,422)
Retained earnings		681,426	257,897
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		3,221,976	3,230,072
Non-controlling interest		372,693	374,804
TOTAL EQUITY		3,594,669	3,604,876
NON-CURRENT LIABILITIES			
SIDF loan	9	2,797,133	2,789,692
Long Term Murabaha loans	9	2,200,000	2,700,000
Islamic Loan Facilities	9	1,730,838	1,421,933
Non-current portion of lease liabilities		167,760	166,175
Employees' defined benefit liabilities and other benefits		204,148	196,141
Deferred tax liabilities, net		1,157	1,157
TOTAL NON-CURRENT LIABILITIES		7,101,036	7,275,098
CURRENT LIABILITIES			
Current portion of lease liabilities		11,551	11,551
Trade payable		114,832	126,679
Accruals and other current liabilities		240,840	253,488
Retentions payable		196,565	185,398
Zakat and income tax provision		9,002	9,002
Dividends payable		4,159	4,159
TOTAL CURRENT LIABILITIES		576,949	590,277
TOTAL LIABILITIES		7,677,985	7,865,375
TOTAL EQUITY AND LIABILITIES		11,272,654	11,470,251


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ADVANCED PETROCHEMICAL COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Other components of equity						Retained earnings	Total controlling interest	Non-controlling interest	Total equity
	Share capital	Treasury shares	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Share-based payment reserve				
At 1 January 2023	2,600,000	(49,926)	464,792	28,189	(58,603)	3,206	251,866	3,239,524	378,964	3,618,488
Profit for the period	-	-	-	-	-	-	42,688	42,688	(884)	41,804
Other comprehensive loss for the period	-	-	-	(5,212)	(17,605)	-	-	(22,817)	-	(22,817)
Total comprehensive income for the period	-	-	-	(5,212)	(17,605)	-	42,688	19,871	(884)	18,987
Share-based payment reserve	-	-	-	-	-	797	-	797	-	797
Dividends (note 11)	-	-	-	-	-	-	(142,533)	(142,533)	-	(142,533)
At 31 March 2023	<u>2,600,000</u>	<u>(49,926)</u>	<u>464,792</u>	<u>22,977</u>	<u>(76,208)</u>	<u>4,003</u>	<u>152,021</u>	<u>3,117,659</u>	<u>378,080</u>	<u>3,495,739</u>
At 1 January 2024	2,600,000	(79,301)	481,898	28,933	(67,164)	7,809	257,897	3,230,072	374,804	3,604,876
Loss for the period	-	-	-	-	-	-	(58,369)	(58,369)	(2,111)	(60,480)
Other comprehensive income (loss) for the period	-	-	-	57,329	(8,206)	-	-	49,123	-	49,123
Total comprehensive loss for the period	-	-	-	57,329	-	-	(58,369)	(9,246)	(2,111)	(11,357)
Share-based payment reserve	-	-	-	-	-	1,150	-	1,150	-	1,150
Transfer of statutory reserve (note 1)	-	-	(481,898)	-	-	-	481,898	-	-	-
At 31 March 2024	<u>2,600,000</u>	<u>(79,301)</u>	<u>-</u>	<u>86,262</u>	<u>(75,370)</u>	<u>8,959</u>	<u>681,426</u>	<u>3,221,976</u>	<u>372,693</u>	<u>3,594,669</u>

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ADVANCED PETROCHEMICAL COMPANY AND ITS SUBSIDIARIES
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

	For the three-month period ended 31 March	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
OPERATING ACTIVITIES		
(Loss) profit before zakat and income tax	(60,480)	43,006
Adjustment to reconcile (loss) profit before zakat and income tax to net cash flows from operations:		
Depreciation of property, plant and equipment	44,704	44,902
Depreciation of right-of-use assets	1,831	344
Finance costs	1,179	331
Share in results of an associate	34,463	21,808
Share-based payment expense	1,150	797
Employees' defined benefits liabilities and other benefits	9,802	7,442
	<u>32,649</u>	<u>118,630</u>
Working capital adjustments:		
Inventories	(28,711)	5,109
Trade receivables	137,225	(14,000)
Prepayments and other current assets	7,376	10,811
Trade payable	(11,847)	1,749
Accruals and other current liabilities	(13,015)	1,227
Cash generated from operations	<u>123,677</u>	<u>123,526</u>
Employees' defined benefits liabilities and other benefits paid	(1,795)	(1,813)
Finance costs paid	<u>(66,724)</u>	<u>(26,518)</u>
Net cash generated from operating activities	<u>55,158</u>	<u>95,195</u>
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(687,463)	(692,593)
Net movement in retentions payable	11,165	18,486
Net movement in other non-current assets	<u>6,432</u>	<u>4,041</u>
Net cash used in investing activities	<u>(669,866)</u>	<u>(670,066)</u>
FINANCING ACTIVITIES		
Proceeds from Long Term Murabaha loans	550,000	-
Payments of Long Term Murabaha loans	(1,050,000)	-
Proceeds from Islamic Loans Facilities	308,905	-
Payment of lease liabilities	<u>(255)</u>	<u>(255)</u>
Net cash used in financing activities	<u>(191,350)</u>	<u>(255)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(806,058)</u>	<u>(575,126)</u>
Cash and cash equivalents at the beginning of the period	<u>923,664</u>	<u>1,006,535</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>117,606</u>	<u>431,409</u>
SIGNIFICANT NON-CASH TRANSACTIONS:		
Finance costs on loans charged to capital work in progress	<u>72,800</u>	<u>28,818</u>
Financial charges on lease liabilities against right-of-use assets charged to capital work in progress	<u>1,840</u>	<u>1,750</u>
Depreciation costs charged to capital work in progress	<u>554</u>	<u>147</u>

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ADVANCED PETROCHEMICAL COMPANY AND ITS SUBSIDIARIES
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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

(All amounts in Saudi Riyals thousands unless otherwise stated)

1. CORPORATE INFORMATION

Advanced Petrochemical Company (the “Company” or the “Parent Company”) is a Saudi joint stock company registered in Damman city, Kingdom of Saudi Arabia under commercial registration numbered 2050049604 dated 27 Sha’ban, 1426H (corresponding to 1 October 2005). The paid-up share capital of the Company is SR 2,600,000,000 divided into 260,000,000 shares of SR 10 each (2023: SR 2,600,000,000 divided into 260,000,000 shares of SR 10 each).

During the Company’s extraordinary General Assembly meeting held on 18 Ramadan 1445H (corresponding to 28 March 2024), the shareholders approved transferring the statutory reserve balance amounting to SR 482 million to the retained earnings, which was completed and reflected in these interim condensed consolidated financial statements for the three-month period ended 31 March 2024.

The Group had inspections (turnarounds/shutdown plans) in its propylene & polypropylene plants for periodic scheduled maintenance activities, during the three-month period ended 31 March 2024.

The interim condensed consolidated financial statements as at 31 March 2024 and 2023 include the financial statements of the Company and the following subsidiaries (collectively referred to as the “Group”):

	<u>Effective ownership directly and indirectly</u>
Advanced Global Marketing Company (“AGMC”) - note (a)	100%
Advanced Global Investment Company (“AGIC”) - note (b) and its following subsidiary	100%
Advanced Polyolefins Industry Company (“APOC”) – note (c)	85%

Notes:

a- Advanced Global Marketing Company (“AGMC”), is a single shareholder Limited Liability Company registered in Jubail, Kingdom of Saudi Arabia under commercial registration No. 2055015327 dated 27 Rabi’I 1433H (corresponding to 19 February 2012) and is 100% owned by the Company.

b- Advanced Global Investment Company (“AGIC”) is a single shareholder Limited Liability Company registered in Jubail, Kingdom of Saudi Arabia under commercial registration No. 2055017024 dated 12 Ramadan 1433H (corresponding to 1 August 2012) and is 100% owned by the Company.

c- Advanced Polyolefins Industry Company (“APOC”) is a Saudi mixed closed joint stock company incorporated in 2021 and is registered in Jubail, Kingdom of Saudi Arabia under commercial registration No. 20550130313 dated 14 Ramadan 1442H (corresponding to 26 April 2021) and is 85% owned by AGIC (remaining 15% is owned by SK Gas Petrochemical Pte. Ltd., a company organized and existing under the laws of Republic of Singapore). The Subsidiary has not commenced its commercial operations as its plants are under construction phase, which are expected to be completed by the end of second quarter of 2024.

During 2014, AGIC made 100% investment in Advanced Global Holding Limited (“AGHL”), a Limited Liability Company incorporated in Luxembourg. AGHL has not been consolidated in these consolidated financial statements due to immaterial financial position.

The Group is licensed to engaged in production and selling Propylene, Polypropylene, Isopropyl Alcohol, Polysilicon and Polysilicon downstream products which includes Photovoltaic cells and Photovoltaic, and establishing, operating and investing in industrial projects including petrochemical, chemical, basic and conversion industries and industries relating to renewable energy both within and outside the Kingdom of Saudi Arabia.



2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These interim condensed consolidated financial statements have been prepared using historical cost convention except for equity investments at fair value through other comprehensive income (“FVOCI”). These interim condensed consolidated financial statements are prepared in Saudi Riyals, which is both the functional and presentation currency of the Group. These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) as endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) in the Kingdom of Saudi Arabia

These interim condensed consolidated financial statements include all the disclosures required for interim condensed consolidated financial statements but do not include all of the disclosures required for the consolidated annual financial statements and should therefore be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

An interim period is considered and integral part of the whole fiscal year, however, the results of operations for the interim period may not be a fair indication of the results of the full year operations.

These interim condensed consolidated financial statements of the Group were approved on 1 Dul Al-Qidah 1445H (corresponding to 9 May 2024).

Basis of consolidation

These interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2024. 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 results 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 with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

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 year are included in the statement of comprehensive income 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 shareholders of the Group to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between 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 derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in preparing the Group’s annual consolidated financial statements for the year ended 31 December 2023.



4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and accompanying disclosures, and the disclosure of contingent liabilities. The accounting estimates and assumptions used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2023.

5. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

Several amendments and interpretations apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

6. OTHER COMPONENTS OF EQUITY

	31 March 2024	31 December 2023
	<i>(Unaudited)</i>	<i>(Audited)</i>
Fair value reserve	86,262	28,933
Foreign currency translation reserve	(75,370)	(67,164)
Share-based payment reserve	8,959	7,809
	19,851	(30,422)

7. INVESTMENT IN AN ASSOCIATE

	For the three- month period ended 31 March 2024	For the three- month period ended 31 March 2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
At the beginning of the period	377,538	484,041
Share in results of an associate	(34,463)	(21,808)
Exchange differences on translation of investment in an associate	(8,206)	(17,605)
At the end of the period	334,869	444,628

The Group has an investment in SK Advanced Co. Limited through its subsidiary AGIC, in which AGIC owns 30% shareholding, and is classified as investment in an associate in these interim condensed consolidated financial statements. It was incorporated in South Korea in accordance with the Commercial Act of the Republic of Korea. The ownership of the associated Company is divided between AGIC with 30%, SK Gas Co. Limited with 45% and Petrochemical Industries Company K.S.C with 25%. It operates a PDH Plant with nameplate capacity of 600,000 MT per annum.

8. OTHER NON-CURRENT ASSETS

	31 March 2024	31 December 2023
	<i>(Unaudited)</i>	<i>(Audited)</i>
Employees' home ownership program (note a)	196,897	203,329



8. OTHER NON-CURRENT ASSETS (continued)

- a) It represents balances related to employees' Home Ownership Program (HOP). The Group started building residential houses for its employees in 2013. In May 2016, completed housing units were distributed to direct hire Saudi employees under a long-term repayment agreement in Phase-I. Further, in July 2019, additional completed housing units were distributed in Phase-II. During 2020, remaining completed housing units were also distributed to employees related to Phase-II. The employees pay 17% of their monthly basic salary in addition to their housing allowance which is being applied as loan repayment/installment until the total HOP loan is fully repaid. As at reporting date, SR 196.90 million (31 December 2023: SR 203.2 million) represents non-current portion and SR 16.56 million (31 December 2023: SR 16.56 million) represents current portion.

9. BORROWINGS

a) SIDF LOAN

During 2022, the Group obtained a term loan facility from Saudi Industrial Development Fund ("SIDF") with total amount of SR 3 billion to finance the construction of new PDH and PP Project. Up-front and administrative fees are charged by SIDF under the loan agreement, amortized as finance cost using the effective interest rate and presented as unamortized transaction costs deducted from the loan. As at 31 March 2024, complete facility was withdrawn by the Group. The loan is secured by a mortgage over the property, plant and equipment of APOC ("a subsidiary") and by promissory notes. The loan is payable in 16 un-equal semi-annual instalments, with first instalment payable on 15 Safar 1448H (corresponding to 29 July 2026). The facility agreement with SIDF contains certain covenants, which requires among other things, certain financial ratios to be maintained. The Group was compliant with covenants.

	31 March 2024	31 December 2023
	<i>(Unaudited)</i>	<i>(Audited)</i>
Saudi Industrial Development Fund ("SIDF")	3,000,000	3,000,000
Less: unamortised transaction costs	(202,867)	(210,308)
	<u>2,797,133</u>	<u>2,789,692</u>

b) ISLAMIC LOAN FACILITIES

During the year ended 31 December 2022, APOC ("a subsidiary") signed multiple Islamic loan facilities with a consortium of financial institutions with total amount of SR 6.1 billion to finance the construction of new PDH, PP and IPA plant. These loans are secured by promissory notes and Debt Service Undertaking of USD 250 million from the Parent Company and carry a commission which commensurate with prevailing commercial rates which are mainly SIBOR based plus agreed margins. These loans are repayable in unequal semi-annual installments and maturities of these facilities are based on their respective repayment schedules spread up to 2035, with first instalment payable on 31 May 2025. These loan agreements include covenants to maintain certain financial ratios after the commencement of commercial operation of APOC. As at 31 December 2023, an amount of SR 1.422 billion was withdrawn from the loan facility. During the current period, an amount of SR 309 million was further draw down to have outstanding balance of this loan of SR 1.731 billion.

During 2023, SIDF bridge facility of SR 600 million and VAT Murabaha facility amounting to SR 356.4 million has been cancelled by the Company as these facilities are no longer required.



9. BORROWINGS (continued)

c) LONG TERM MURABAHA LOANS

During 2023, the Group signed a Murabaha Facilities Agreement for a period of 5 years, with a local commercial bank amounting to SR 2 billion, bearing a commission rate of SIBOR plus specified margin. These facilities are intended to settle outstanding short-term loans, finance equity requirements and capital expenditures for APOC (“a subsidiary”) and are secured by promissory note. Each Murabaha period for a transaction shall be the same term as the initial Murabaha transaction, up to a maximum of 5 years tenure. As 31 December 2023, an amount of SR 1.3 billion was withdrawn by the Group. During the current period, an amount of SR 350 million was repaid by the Group to have outstanding balance of this loan of SR 950 million as of 31 March 2024. The loan to be paid in full by 28 May 2028.

In 27 September 2023, the Group signed a sharia-compliant Islamic credit facility for an amount of SR 1.6 billion from the Saudi National Bank to finance its general corporate purposes. The tenure of the facility is for a period of 5 years with a commission rate of SIBOR plus specified margin rate. As 31 December 2023, an amount of SR 1.4 billion was withdrawn by the Group. During the current period, an amount of SR 700 million was repaid while further draw down was made amounting to SR 550 million by the Group to have outstanding balance of this loan of SR 1.25 billion. These loan agreements include covenants to maintain certain financial ratios. At 31 December 2023, the Group was compliant with covenants.

d) SHORT TERM MURABAHA LOANS

During 2023, the Group signed a Murabaha Facility Agreement, with a local commercial bank amounting to SR 200 million, bearing a commission rate of SIBOR plus specified margin. This facility is intended to finance the working capital requirements of the Company and is secured by promissory note. Each Murabaha period for a transaction shall be the same term as the initial Murabaha transaction, up to a maximum of 12 months tenure. As at 31 March 2024, no amount is withdrawn by the Group.

10. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Company’s major shareholders, associated companies and their shareholders, key management personnel, Directors, and entities controlled, jointly controlled or significantly influenced by such parties.

During the period, no significant transactions with the related parties resulting in the balances.

Compensation of key management personnel

Below are the details of key management personnel compensation recorded during the period;

	For the three-month period ended 31 March 2024 <i>(Unaudited)</i>	For the three-month period ended 31 March 2023 <i>(Unaudited)</i>
Short-term employee benefits	7,398	4,219
Long-term employee benefits	640	703
	8,038	4,922

11. DIVIDENDS

On 20 February 2023, the Board of Directors resolved to distribute interim cash dividend for the fourth quarter of 2022 of SR 0.55 per share (totaling SR 142.5 million). The distribution date was 28 May 2023.



12. COMMITMENTS AND CONTINGENCIES

Commitments

At 31 March 2024, Capital commitments contracted but not yet incurred amounted to SR 2.78 billion in respect of the new PDH and PP project (31 December 2023: SR 2.4 billion).

The Group has signed a five-year agreement for the purchase of 80,000 MT per annum of propylene (an intermediate product) which have been used in the production of polypropylene since 1 October 2014. In 2017, this agreement is extended up to 31 July 2023 with increase in the quantity to 100,000 MT per annum. In 4 January 2022, this agreement was extended up to 31 December 2025 with increase in quantity to 120,000 MT.

Contingencies

The Group's banker has given payment guarantees on behalf of the Group in favor of Jubail Commercial Port for land lease amounting to SR 1.31 million (31 December 2023: SR 1.31 million).

The Group's banker has given a Payment guarantees on behalf of the Group in favor of Royal Commission for beach camp amounting to SR 50,000 (31 December 2023: SR 50,000).

The Group's banker has given a Payment guarantees on behalf of the Group in favor of Saudi Aramco, for securing propane supply amounting to USD 27 million (31 December 2023: USD 27 million).

13. SEGMENT INFORMATION

A segment is a distinguishable component of the Group that is engaged in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

The Group's management is of the view that all activities and operations of the Group comprise of a single operating segment for the purpose of decision making with respect to performance appraisal and resources allocation.

Substantial portion of the Group's sales are made to the marketers and Group's operations are related to one operating segment. Accordingly, segmental analysis by geographical and operating segment has not been presented.

Operating assets of the Group are located in the KSA. The sales are geographically distributed between domestic sales in the Kingdom representing 21% of the total sales and overseas sales representing 79% of the total sales.

14. (LOSS) EARNINGS PER SHARE

Basic (loss) earnings per share amounts are calculated by dividing (loss) profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares during the period.

The following reflects the income and share data used in the basic and diluted (loss) earnings per share computations:

	For the three-month period ended 31 March 2024 (Unaudited)	For the three-month period ended 31 March 2023 (Unaudited)
(Loss) profit for the period attributable to equity holders of the Parent Company	<u>(58,369)</u>	<u>42,688</u>
*Weighted average number of ordinary shares ('000)	<u>258,500</u>	<u>259,151</u>
(Loss) earnings Per Share (SR)	<u>(0.226)</u>	<u>0.165</u>

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

* *The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the period.*



15. FAIR VALUE

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in transaction. As the interim condensed consolidated financial statements are prepared under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair values of the financial assets and liabilities are not materially different from their carrying values.

The Group has categorized its financial assets and liabilities into a three-level fair value hierarchy, based on the nature of the inputs used in determining fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

Following is a description of each category in the fair value hierarchy and the financial assets and liabilities of the Group that are included in each category at 31 March 2024.

- Level 1: Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market.
- Level 2: Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3: Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

	<i>SR '000</i>	<i>Level 1 SR '000</i>	<i>Level 2 SR '000</i>	<i>Level 3 SR '000</i>
Period ended 31 March 2024				
<i>Assets measured at fair value</i>				
Equity investment at fair value through other comprehensive income	518,200	518,200	-	-
Year ended 31 December 2023				
<i>Assets measured at fair value</i>				
Equity investment at fair value through other comprehensive income	460,870	460,870	-	-

The Group has not disclosed the fair value of financial instruments such as cash and cash equivalent, trade receivables, trade payable, accruals, other current liabilities, SIDF loan, short term Murabaha loans and lease liabilities, because their carrying amounts are a reasonable approximation of fair values.

The fair value of the financial assets and liabilities is included in the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Floating-rate borrowings approximate their carrying amounts largely due to the fact that the floating rate approximates the market interest rate.

The fair value of loans from banks and other financial indebtedness as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities.

16. SUBSEQUENT EVENTS

In the opinion of management, there have been no significant subsequent events since the period ended 31 March 2024 that would have a material impact on the financial position of the Group as reflected in these interim condensed consolidated financial statements.