



SAUDI BASIC INDUSTRIES CORPORATION (SABIC) AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 AND
INDEPENDENT AUDITOR'S REVIEW REPORT

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CHEMISTRY THAT MATTERS™

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**Independent auditor's review report on the interim condensed consolidated financial statements to the shareholders of Saudi Basic Industries Corporation (SABIC)
(A Saudi Joint Stock Company)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Basic Industries Corporation ("SABIC") and its subsidiaries (collectively with SABIC referred to as "the Group") as at 31 March 2021, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies 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") that is 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" endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

for Ernst & Young



Rashid S. AlRashoud
Certified Public Accountant
License No. (366)

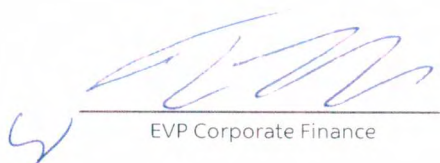
Riyadh: 16 Ramadan 1442H
(28 April 2021)



Interim condensed consolidated statement of financial position

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

	Notes	As at 31 March 2021	As at 31 December 2020
ASSETS			
Non-current assets:			
Property, plant and equipment		134,616,814	136,179,720
Right-of-use assets		5,312,947	5,623,854
Intangible assets		20,277,950	20,662,197
Investments in associates and joint ventures		39,966,372	40,578,670
Other non-current assets	5	11,555,328	11,031,457
Total non-current assets		211,729,411	214,075,898
Current assets:			
Inventories		19,493,825	19,311,198
Trade receivables		20,651,454	16,927,713
Prepayments and other current assets		4,586,233	6,141,597
Short-term investments		5,801,005	5,855,928
Cash and bank balances		35,912,731	33,156,216
Total current assets		86,445,248	81,392,652
TOTAL ASSETS		298,174,659	295,468,550
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Parent		171,431,247	167,626,374
Non-controlling interests		28,515,806	26,610,751
Total equity		199,947,053	194,237,125
Non-current liabilities:			
Long-term debt and lease liabilities		35,606,922	37,996,470
Employee benefits		18,055,669	19,655,985
Other non-current liabilities	6	6,233,454	6,086,060
Total non-current liabilities		59,896,045	63,738,515
Current liabilities:			
Short-term borrowings, current portion of long-term debt and lease liabilities		7,288,326	7,989,565
Trade payables and other current liabilities		31,043,235	29,503,345
Total current liabilities		38,331,561	37,492,910
Total liabilities		98,227,606	101,231,425
TOTAL EQUITY AND LIABILITIES		298,174,659	295,468,550


EVP Corporate Finance


Vice Chairman & CEO



Authorised Board of Directors Member

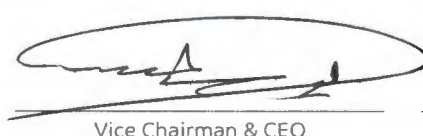
The accompanying notes from 1 to 11 form an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of income

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

	Notes	For the three months period ended 31 March	
		2021	2020 (Restated)
Revenue		37,530,677	30,193,145
Cost of sales		(26,356,643)	(25,486,148)
Gross profit		11,174,034	4,706,997
General and administrative expenses		(2,514,810)	(2,619,951)
Selling and distribution expenses		(2,119,135)	(2,354,399)
		6,540,089	(267,353)
Share of results of integral joint ventures		444,519	207,855
Income (loss) from operations		6,984,608	(59,498)
Share of results of non-integral joint ventures and associates		166,092	(438,438)
Finance cost, net		(76,437)	(317,581)
Other (expense) income, net		(59,807)	75,555
Income (loss) before zakat and income tax		7,014,456	(739,962)
Zakat expense		(500,000)	(492,093)
Income tax (expense) benefit, net		(399,712)	259,045
Net income (loss) for the period		6,114,744	(973,010)
Attributable to:			
Equity holders of the Parent		4,862,370	(1,045,944)
Non-controlling interests		1,252,374	72,934
		6,114,744	(973,010)
Basic and diluted earnings per share (Saudi Riyals):			
Earnings (loss) per share from net income (loss) attributable to equity holders of the Parent		1.62	(0.35)


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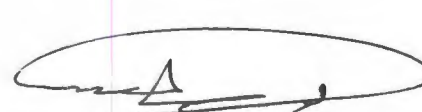
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Interim condensed consolidated statement of comprehensive income

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

	For the three months period ended 31 March	
	2021	2020 (Restated)
Net income (loss) for the period	6,114,744	(973,010)
Other comprehensive income		
<i>Items that will not be reclassified to the consolidated statement of income (net of tax):</i>		
- Re-measurement gain (loss) on defined benefit plans and others	1,852,815	(243,089)
- Share of other comprehensive income (loss) of associates and joint ventures	130,530	(32,962)
<i>Items that will be reclassified to the consolidated statement of income (net of tax):</i>		
- Exchange difference on translation of foreign operations and others	(870,324)	(561,495)
- Share of other comprehensive loss of associates and joint ventures	(977,698)	(92,412)
Movement of other comprehensive income (loss)	135,323	(929,958)
Total comprehensive income (loss) for the period	6,250,067	(1,902,968)
Attributable to:		
Equity holders of the Parent	4,771,679	(1,911,009)
Non-controlling interests	1,478,388	8,041
	6,250,067	(1,902,968)


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The accompanying notes from 1 to 11 form an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of changes in equity

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

	Attributable to the equity holders of the Parent						Non-controlling interests	Total equity
	Share capital	Statutory reserve	General reserve	Other reserves	Retained earnings	Total		
Balance as at 1 January 2020	30,000,000	15,000,000	110,889,032	(3,265,084)	26,097,576	178,721,524	28,091,139	206,812,663
Net (loss) income	-	-	-	-	(1,045,944)	(1,045,944)	72,934	(973,010)
Other comprehensive loss	-	-	-	(865,065)	-	(865,065)	(64,893)	(929,958)
Total comprehensive (loss) income	-	-	-	(865,065)	(1,045,944)	(1,911,009)	8,041	(1,902,968)
Dividends and others	-	-	-	-	-	-	(979,877)	(979,877)
Balance as at 31 March 2020	30,000,000	15,000,000	110,889,032	(4,130,149)	25,051,632	176,810,515	27,119,303	203,929,818
Balance as at 1 January 2021	30,000,000	15,000,000	110,889,032	(3,334,020)	15,071,361	167,626,373	26,610,751	194,237,124
Net income	-	-	-	-	4,862,370	4,862,370	1,252,374	6,114,744
Other comprehensive (loss) income	-	-	-	(90,691)	-	(90,691)	226,014	135,323
Total comprehensive (loss) income	-	-	-	(90,691)	4,862,370	4,771,679	1,478,388	6,250,067
Acquisition of non-controlling interests (Note 4.1)	-	-	-	-	(966,805)	(966,805)	966,805	-
Dividends and others	-	-	-	-	-	-	(540,138)	(540,138)
Balance as at 31 March 2021	30,000,000	15,000,000	110,889,032	(3,424,711)	18,966,926	171,431,247	28,515,806	199,947,053


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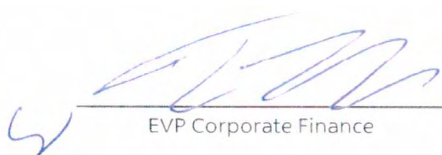

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The accompanying notes from 1 to 11 form an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of cash flows

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

	For the three months period ended 31 March 2021	For the three months period ended 31 March 2020 (Restated)
Operating activities:		
Income (loss) before zakat and income tax	7,014,456	(739,962)
<i>Adjustments to reconcile income (loss) before zakat and income tax to net cash inflow from operating activities:</i>		
- Depreciation, amortisation and impairment	3,403,689	4,409,672
- Finance costs	395,971	155,854
- Share of results of non-integral joint ventures and associates	(166,092)	438,438
- Provisions and other movements, net	264,868	(107,543)
<i>Changes in operating assets and liabilities:</i>		
(Increase) decrease in other non-current assets	(2,435,641)	1,634,113
Working capital changes	(3,104,232)	1,303,122
Increase in net employee benefits obligations	356,041	148,896
Other assets and liabilities changes	1,880,421	(2,636,154)
Cash from operations	7,609,481	4,606,436
Finance cost paid	(377,839)	(32,069)
Zakat and income tax paid	(161,129)	(165,371)
Net cash from operating activities	7,070,513	4,408,996
Investing activities:		
Purchase of tangible and intangible assets	(2,329,918)	(2,996,638)
Short-term investments, net	135,223	(1,336,290)
Investments in associates and joint ventures, net	(7,651)	(1,915,908)
Other assets movements	(68,612)	15,189
Net cash used in investing activities	(2,270,958)	(6,233,647)
Financing activities:		
Proceeds from debt	291,000	316,699
Proceeds against acquisition of non-controlling interests	1,687,500	1,687,500
Debt and lease repayments	(537,554)	(480,034)
Dividends to shareholders and non-controlling interests	(454,898)	(81,720)
Net cash from financing activities	986,048	1,442,445
Net increase (decrease) in cash and cash equivalents	5,785,603	(382,206)
Cash and cash equivalents at the beginning of the period	28,838,342	35,292,318
Cash and cash equivalents at the end of the period	34,623,945	34,910,112
Cash and bank balances	35,912,731	36,537,752
Less: bank overdrafts	(1,288,786)	(1,627,640)
Cash and cash equivalents	34,623,945	34,910,112


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The accompanying notes from 1 to 11 form an integral part of these interim condensed consolidated financial statements.

Notes to the interim condensed consolidated financial statements

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

1. Corporate information

Saudi Basic Industries Corporation ("SABIC" or "the Parent") is a Saudi Joint Stock Company established pursuant to Royal Decree Number M/66 dated 13 Ramadan 1396H (corresponding to 6 September 1976) registered in Riyadh under commercial registration No. 1010010813 dated 14 Muharram 1397H (corresponding to 4 January 1977). The registered office is located at Qurtubah district, P.O. Box 5101, Riyadh 11422, KSA.

Saudi Arabian Oil Co. ("Saudi Aramco") owns 70% of SABIC through one of its subsidiaries, "Aramco Chemicals Company". The other 30% ownership is held by the private sector.

SABIC and its subsidiaries (collectively the "Group") are engaged in the manufacturing, marketing and distribution of chemicals, polymers, plastics, agri-nutrients and metal products in global markets.

The interim condensed consolidated financial statements of the Group for the three months period ended 31 March 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 28 April 2021.

2. Basis of preparation

These interim condensed consolidated financial statements for the three months period ended 31 March 2021 have been prepared in accordance with International Accounting Standard 34 '*Interim Financial Reporting*' ("IAS 34") as endorsed in the KSA and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

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

Notes to the interim condensed consolidated financial statements (continued)

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

3. Summary of significant accounting policies

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 2020.

3.1 Amendments to IFRS

The following amendments to IFRS have been applied by the Group since 1 January 2021:

- Early adopting the amendments to IAS 16 *'Property, Plant and Equipment: Proceeds before Intended Use'*. Although adopting this amendment requires to restate previous year's comparative amounts, it will not affect the Group as in financial year 2020, no projects have been commissioned where proceeds were deducted from the investment.
- *'Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16'*: The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:
 - A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
 - Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
 - Provide temporary relief to entities from having to meet the separately identifiable requirement when a RFR instrument is designated as a hedge of a risk component.

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

The Group has not early adopted any new standard, interpretation or amendment that have been issued but which are not yet effective, except for the amendment to IAS 16 *'Property, Plant and Equipment: Proceeds before Intended Use'* as explained above.

Notes to the interim condensed consolidated financial statements (continued)

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

4. Significant matters during the period

4.1. SANIC Transfer

On 4 January 2021 (corresponding to 20 Jamad'ul Awwal 1442H), SABIC Agri-Nutrients Company formally Saudi Arabian Fertilizer Company ("SAFCO") acquired 100% of the issued share capital of SABIC Agri-Nutrients Investment Company ("SANIC") from SABIC. The total value of shares in SANIC is set at SAR 4,592,171,837, the consideration paid for which 59,368,738 ordinary shares in SAFCO were issued to SABIC valued at SAR 77.35 per share thereby increasing the ownership by SABIC of SAFCO from 42.99% to 50.10%. Under the terms of the transaction, the final consideration will be adjusted depending upon the levels of working capital and cash at SANIC.

This transaction has been recognized as a pooling of interest transaction and impact has been recognized in the retained earnings.

The accounting impact of the transaction can be summarised as follows:

Fair value of consideration transferred to SAFCO	4,592,172
Equity movement of SANIC till date of closing	56,823
Net consideration transferred to SAFCO	4,648,995
Less: increase in net assets	(2,133,420)
Less: reversal of pooling of interest result	(1,548,770)
Net loss to the shareholders of Parent company	966,805

4.2 COVID-19 assessment

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

During the period ended 31 March 2021, management has assessed the overall impact on the Company's operations and business aspects, and considered factors like effects on supply chain, impact of decreased oil prices, operating rates of its plants and lost volume, additional cost in supply chain, margin squeeze, and product demand. Majority of the planned shutdowns and turnarounds, which drive some part of the fixed costs have been rescheduled. Based on this assessment, no significant adjustments were required in the financial statements for the period ended 31 March 2021. The situation surrounding COVID-19 and its impact on global economic conditions, may continue to impact the Group's business, results of operations and financial condition in 2021. The situation remains uncertain and therefore it is difficult to predict with certainty the length of time that COVID-19 will impact Group's business and overall potential impact of COVID-19 on Group's business, operations and financial condition.

Notes to the interim condensed consolidated financial statements (continued)

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

5. Other non-current assets

	As at 31 March 2021	As at 31 December 2020
Employee advances	3,494,099	3,326,950
Financial assets - option rights	2,543,250	1,863,375
Receivables from related parties	2,445,963	2,237,956
Investments in debt instruments	947,337	1,019,942
Deferred tax assets	792,183	1,028,753
Investments in equity instruments and funds	766,429	781,494
Others	566,067	772,987
	11,555,328	11,031,457

6. Other non-current liabilities

	As at 31 March 2021	As at 31 December 2020
Financial liabilities – options and forward contracts	3,099,672	2,685,672
Payable to related parties	1,516,045	1,581,782
Provisions	691,321	891,838
Deferred tax liabilities	662,517	650,827
Others	263,899	275,941
	6,233,454	6,086,060

7. Fair value measurement

Description of valuation techniques used and key inputs to valuation investments in equity instruments is as follows:

Valuation technique	Significant non-observable input	Range
Market approach	<ul style="list-style-type: none"> Equity value to EBITDA multiple Midpoint Price to Book multiple Put option and forward contract Call option valuation: <ul style="list-style-type: none"> Implied volatility Assumed dividend yield Discount rate 	8.1 to 11 2.9 6.6-7.9 25% to 35% 7.7% to 11.2% 1.5% to 2.5%
Net Asset Value approach	Point estimate of distributable cash and cash equivalents and net assets	SR 150 to SR 262.5

At 31 March 2021, the fair values of Group's other financial assets and financial liabilities approximate the carrying value.

Notes to the interim condensed consolidated financial statements (continued)

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

8. Related party transactions and balances

The significant related party transactions and balances are broken down as follows:

	Sales to related parties	Purchases from related parties	
	For the three months period ended 31 March 2021		
Associates	46,012		944,979
Joint ventures and partners	3,251,558		5,526,230
Saudi Aramco and its subsidiaries	1,726,167		4,710,694
	For the three months period ended 31 March 2020 (Restated)		
Associates	37,252		787,481
Joint ventures and partners	3,146,041		4,271,770
	Amounts owed by related parties	Amounts owed to related parties	Loans to related parties
	As at 31 March 2021		
Associates	38,197	311,968	35,135
Joint ventures and partners	1,421,063	4,054,264	675,000
Saudi Aramco and its subsidiaries	860,107	3,816,882	-
	As at 31 December 2020		
Associates	23,006	286,056	35,135
Joint ventures and partners	1,534,260	3,475,723	684,375
Saudi Aramco and its subsidiaries	754,666	3,873,074	-

Transactions and balances with the entities controlled by Saudi Government can be shown as follows:

	For the three months period ended 31 March 2021	For the three months period ended 31 March 2020 (Restated)
Purchases of goods and services	971,424	922,732
Sales of goods and services	618,181	286,714
	As at 31 March 2021	As at 31 December 2020
Due to entities controlled by Saudi Government	167,435	10,174
Due from entities controlled by Saudi Government	617,980	219,804

Notes to the interim condensed consolidated financial statements (continued)

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

9. Segment information

For management purposes, the Group is organised into three Strategic Business Units ("SBUs") and Hadeed, a wholly owned manufacturing business, which based on its products are grouped in three reporting segments.

Based on a management decision and in line with changes in management reporting, the income, expenses, assets and liabilities relating to 'Corporate' segment, in prior years, has been allocated over the Petrochemicals & Specialties and Agri-nutrients SBUs and Hadeed according to an internally agreed consistent basis. All intercompany transactions within the reporting segments have been appropriately eliminated.

The segments' financial details are shown below:

	For the three months period ended 31 March 2021			
	Petro-chemicals & Specialties	Agri-nutrients	Hadeed	Consolidated
Revenue	32,726,276	1,823,537	2,980,864	37,530,677
Depreciation, amortisation and impairment	(2,983,414)	(135,176)	(285,099)	(3,403,689)
Income from operations	6,199,966	450,003	334,639	6,984,608
Share of results of non-integral joint ventures and associates	114,166	51,926	-	166,092
Finance cost, net				(76,437)
Other expenses, net				(59,807)
Income before zakat and income tax				7,014,456

	For the three months period ended 31 March 2020 (Restated)			
	Petro-chemicals & Specialties	Agri-nutrients	Hadeed	Consolidated
Revenue	25,957,944	1,470,010	2,765,191	30,193,145
Depreciation, amortisation and impairment	(3,927,548)	(198,718)	(283,406)	(4,409,672)
(Loss) income from operations	(209,146)	357,867	(208,219)	(59,498)
Share of results of non-integral joint ventures and associates	(351,556)	(86,882)	-	(438,438)
Finance cost, net				(317,581)
Other income, net				75,555
Loss before zakat and income tax				(739,962)

Notes to the interim condensed consolidated financial statements (continued)

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

9. Segment information (continued)

	As at 31 March 2021			
	Petro-chemicals & Specialties	Agri-nutrients	Hadeed	Consolidated
Total assets	270,672,521	10,953,290	16,548,848	298,174,659
Total liabilities	90,580,822	2,166,071	5,480,713	98,227,606

	As at 31 December 2020			
	Petro-chemicals & Specialties	Agri-nutrients	Hadeed	Consolidated
Total assets	266,750,886	12,213,908	16,503,756	295,468,550
Total liabilities	93,463,651	2,507,673	5,260,101	101,231,425

Geographical distribution of revenue

	For the three months period ended 31 March 2021		For the three months period ended 31 March 2020 (Restated)	
KSA	6,528,183	17%	4,587,898	16%
China	6,124,783	16%	4,868,451	16%
Rest of Asia	8,052,996	22%	7,022,165	23%
Europe	8,660,989	23%	7,160,120	24%
Americas	2,935,264	8%	2,828,921	9%
Others	5,228,462	14%	3,725,590	12%
	37,530,677	100%	30,193,145	100%

The revenue information above is based on the locations of the customers.

Geographical distribution of property, plant and equipment

	As at 31 March 2021		As at 31 December 2020	
KSA	102,293,011	76%	103,495,956	76%
Europe	13,556,193	10%	14,119,393	10%
Americas	17,273,276	13%	17,044,767	13%
Asia	1,490,990	1%	1,516,208	1%
Others	3,344	-	3,396	-
	134,616,814	100%	136,179,720	100%

Notes to the interim condensed consolidated financial statements (continued)

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

10. Restatement due to change in accounting treatment

SABIC changed the accounting treatment of certain entities as elaborated in Note 4.3 of Group's annual consolidated financial statements for the year ended 31 December 2020. In completion of the process for the acquisition of 70% of the shares of SABIC by Saudi Aramco, certain studies and analyses were accomplished to align the efforts of the two companies to achieve their strategic goals at the local and global levels. These studies and analyses included the alignment of significant accounting estimates, assumptions and judgments ("significant judgments") particularly in the control assessment of SABIC's investments in certain legal entities ("legal entities"), where SABIC holds 50% shareholding. Currently, the number of these legal entities is seven, and they are all located in the industrial cities of the Kingdom of Saudi Arabia.

In conformity with its previous applied critical judgments, SABIC had consolidated the financial statements of those legal entities in accordance with the IFRS as endorsed in KSA up to 31 March 2020. The consolidation of these legal entities' financial statements mainly depends on applying "critical judgments" besides applying the relevant standards, which in some cases are not compatible with the accounting judgments applied by Saudi Aramco. Being the "Parent Company" as of the date of acquiring SABIC, Saudi Aramco is required to prepare its consolidated financial statements using unified accounting policies and judgments for transactions and other events under similar circumstances. Accordingly, SABIC and Saudi Aramco have aligned the "critical judgments" applied in this regard, and to follow unified accounting policies and judgments applied by Saudi Aramco.

In line with these unified accounting policies and judgments, and based on a re-assessment of the control over these legal entities, the accounting treatment of the following four legal entities have changed:

1. Saudi Yanbu Petrochemical Company ("YANPET")
2. Al-Jubail Petrochemical Company ("KEMYA")
3. Eastern Petrochemical Company ("SHARQ")
4. Saudi Methacrylates Company ("SAMAC")

SABIC, as on the date of Saudi Aramco's acquisition during the second quarter of 2020, has ceased consolidating the financial statements of these four legal entities and considered them as "joint arrangements" and retrospectively recognised three of them ("YANPET", "KEMYA" and "SHARQ") as investment in "joint ventures", applying the equity method of accounting while recognizing SAMAC as investments in "joint operation" by recognising the related share of assets and liabilities, revenue and expenses in the interim condensed consolidated financial statements.

Due to the change in critical judgments, SABIC reviewed other joint arrangements it held in the past and concluded that SADAF and AR-RAZI would have been similarly recognised as joint arrangements in the previous periods.

In August 2017, SABIC increased its shareholding in SADAF from 50% to 100% as a result of exercising an option to purchase the remaining 50% of shares held by another investor and obtained control of SADAF at this date.

In November 2018, SABIC obtained control of AR-RAZI as a result of the expiry of the Joint Venture Agreement SABIC held with another investor, which gave SABIC the immediate right to purchase the remaining 50% of shares held by another investor. In addition, negotiations with the other investor resulted in the conclusion of a transaction in June 2019, which resulted in an increase of SABIC's shareholding in AR-RAZI to 75%. Considering this transaction is related to the acquisition of an additional ownership interest in a subsidiary without a change of control, accordingly, it has been accounted for as an equity transaction and excess consideration over the carrying amount of the non-controlling interests is recognised in equity attributable to the Parent amounting to SR 5,550 million.

At the time of acquiring control, as per the management's best estimates the acquisition accounting has resulted in the recognition of step up of property, plant and equipment of SR 2,980 million (SADAF representing SR 1,539 million and AR-RAZI representing SR 1,441 million) and goodwill amounting of SR 8,888 million (SADAF representing SR 3,186 million and AR-RAZI representing SR 5,702 million). The impacts of this retrospective control assessment are non-cash in nature.

The other change in accounting treatment is related to AR-RAZI, where forward contract was accounted for, by reclassifying non-controlling interests attributable to AR-RAZI as non-current liabilities at each reporting date based on management's best estimate for the net present value of the settlement price payable at the end of the joint venture agreement, as explained in Note 4.4 of Group's annual consolidated financial statements for the year ended 31 December 2020.

Notes to the interim condensed consolidated financial statements (continued)

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

10. Restatement due to change in accounting treatment (continued)

The impact of all above adjustments are presented in the below table:

	For the three months period ended 31 March 2020 (Restated)	Adjustments	For the three months period ended 31 March 2020 (Previously stated)
Revenue	30,193,145	(631,927)	30,825,072
Cost of sales	(25,486,148)	(383,725)	(25,102,423)
Gross profit	4,706,997	(1,015,652)	5,722,649
General and administrative expenses	(2,619,951)	173,056	(2,793,007)
Selling and distribution expenses	(2,354,399)	99,020	(2,453,419)
	(267,353)	(743,576)	476,223
Share of results of integral joint ventures	207,855	207,855	-
(Loss) income from operations	(59,498)	(535,721)	476,223
Share of results of non-integral joint ventures and associates	(438,438)	-	(438,438)
Finance cost, net	(317,581)	66,350	(383,931)
Other income (expenses), net	75,555	89,584	(14,029)
Loss before zakat and income tax	(739,962)	(379,787)	(360,175)
Zakat expense	(492,093)	32,907	(525,000)
Income tax benefit, net	259,045	50,153	208,892
Net loss for the period	(973,010)	(296,727)	(676,283)
Attributable to:			
Equity holders of the Parent	(1,045,944)	(97,065)	(948,879)
Non-controlling interests	72,934	(199,662)	272,596
	(973,010)	(296,727)	(676,283)
Basic and diluted earnings per share (Saudi Riyals)			
Loss per share from net loss attributable to equity holders of the Parent	(0.35)	(0.03)	(0.32)
Total comprehensive loss for the period	(1,902,968)	(361,620)	(1,541,348)
Attributable to:			
Equity holders of the Parent	(1,911,009)	(97,065)	(1,813,944)
Non-controlling interests	8,041	(264,555)	272,596
	(1,902,968)	(361,620)	(1,541,348)
The impact on the Interim consolidated cash flows			
Net cash from operating activities	4,408,996	(1,127,428)	5,536,424
Net cash used in investing activities	(6,233,647)	311,950	(6,545,597)
Net cash from financing activities	1,442,445	312,344	1,130,101
(Decrease) increase in cash and cash equivalents	(382,206)	(503,134)	120,928

Notes to the interim condensed consolidated financial statements (continued)

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

11. Subsequent events

The Annual General Assembly ("AGA"), in its meeting held on 1 Ramadan 1442H (corresponding to 13 April 2021), approved cash dividends of SR 9 billion (SR 3 per share), which includes the interim cash dividends amounting to SR 4.5 billion (SR 1.5 per share) for the first half of 2020, which has been recognized in equity. The remaining of the dividend declared of SR 4.5 billion will be recognized in the interim condensed consolidated financial statements for the period ending 30 June 2021.

In the opinion of management, there have been no further significant subsequent events since the period ended 31 March 2021, which would have a material impact on the financial position of the Group as reflected in these interim condensed consolidated financial statements.