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 AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2024

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

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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 (A Saudi Joint Stock Company) ("the Company"), and its subsidiaries (collectively referred to as "the Group") as at 30 September 2024, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three-month and nine-month periods ended 30 September 2024 and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-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)

K20
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CR.2051058792
Ernst & Young Professional Services
(Professional LLC)

Al Khobar: 24 Rabi Al-Thani1446H
27 October 2024

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFT OR LOSS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

المتقدمة Advanced

	Notes	**For the three-month period ended 30 September 2024** *(Unaudited)*	For the three-month period ended 30 September 2023 *(Unaudited)*	**For the nine-month period ended 30 September 2024** *(Unaudited)*	For the nine-month period ended 30 September 2023 *(Unaudited)*
Sales		**642,958**	594,251	**1,613,242**	1,802,661
Cost of sales		**(524,018)**	(472,205)	**(1,344,391)**	(1,453,836)
GROSS PROFIT		**118,940**	122,046	**268,851**	348,825
Selling and distribution expenses		**(7,217)**	(8,782)	**(26,743)**	(22,260)
General and administration expenses		**(35,858)**	(33,655)	**(116,500)**	(100,288)
OPERATING PROFIT		**75,865**	79,609	**125,608**	226,277
Finance costs		**(1,015)**	(1,292)	**(3,093)**	(2,283)
Share in results of an associate	8	**(29,564)**	(32,101)	**(96,812)**	(75,290)
Other income, net		**629**	467	**1,829**	2,018
PROFIT BEFORE ZAKAT AND INCOME TAX		**45,915**	46,683	**27,532**	150,722
Zakat and income tax expense					
Zakat		**(3,142)**	(2,536)	**(4,732)**	(5,538)
Current tax		**(32)**	(45)	**(87)**	(128)
PROFIT FOR THE PERIOD		**42,741**	44,102	**22,713**	145,056
Attributable to:					
Equity holders of the Parent Company		**45,521**	45,146	**28,709**	148,133
Non-controlling interest		**(2,780)**	(1,044)	**(5,996)**	(3,077)
		42,741	44,102	**22,713**	145,056
Basic and diluted earnings per share	15				
- Earnings per share from profit for the period attributable to equity holders of the Parent Company		**0.176**	0.175	**0.111**	0.572

KHALIFA A. AL-MULHEM	FAHAD S. AL-MATRAFI	ABDULAZIZ S. AL-ARDHI
Chairman of the Board	President & CEO	Chief Financial Officer

The attached notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	**For the three-month period ended 30 September 2024**	For the three-month period ended 30 September 2023	**For the nine-month period ended 30 September 2024**	For the nine-month period ended 30 September 2023
		(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
PROFIT FOR THE PERIOD		**42,741**	44,102	**22,713**	145,056
OTHER COMPREHENSIVE INCOME (LOSS)					
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of investment in an associate	8	**12,643**	(8,491)	**(10,331)**	(23,610)
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods		**12,643**	(8,491)	**(10,331)**	(23,610)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:					
Unrealized fair value loss (gain) on equity investment at fair value through other comprehensive income		**(9,679)**	(82,644)	**(40,205)**	12,657
Net other comprehensive loss (income) not to be reclassified to profit or loss in subsequent periods		**(9,679)**	(82,644)	**(40,205)**	12,657
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		**2,964**	(91,135)	**(50,536)**	(10,953)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		**45,705**	(47,033)	**(27,823)**	134,103
Attributable to:					
Equity holders of the Parent Company		**48,485**	(45,989)	**(21,827)**	137,180
Non-controlling interest		**(2,780)**	(1,044)	**(5,996)**	(3,077)
		45,705	(47,033)	**(27,823)**	134,103

KHALIFA A. AL-MULHEM	FAHAD S. AL-MATRAFI	ABDULAZIZ S. AL-ARDHI
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ADVANCED PETROCHEMICAL COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	30 September 2024	31 December 2023
		(Unaudited)	*(Audited)*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	**10,348,220**	8,614,556
Right-of-use assets		**172,716**	178,210
Investment in an associate	8	**270,395**	377,538
Investment in an unconsolidated subsidiary		**376**	376
Equity investment at fair value through other comprehensive income		**420,665**	460,870
Other non-current assets	9	**183,966**	203,329
TOTAL NON-CURRENT ASSETS		**11,396,338**	9,834,879
CURRENT ASSETS			
Inventories		**173,019**	193,360
Trade receivables		**565,042**	331,480
Prepayments and other current assets		**195,149**	186,868
Cash and cash equivalents		**186,909**	923,664
TOTAL CURRENT ASSETS		**1,120,119**	1,635,372
TOTAL ASSETS		**12,516,457**	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	**(77,508)**	(30,422)
Retained earnings		**768,504**	257,897
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**3,211,695**	3,230,072
Non-controlling interest		**368,808**	374,804
TOTAL EQUITY		**3,580,503**	3,604,876
NON-CURRENT LIABILITIES			
SIDF loan	10	**2,812,017**	2,789,692
Long Term Murabaha loans	10	**2,290,000**	2,700,000
Islamic Loan Facilities	10	**2,757,232**	1,421,933
Non-current portion of lease liabilities		**171,003**	166,175
Employees' defined benefit liabilities and other benefits		**213,646**	196,141
Deferred tax liabilities, net		**1,157**	1,157
TOTAL NON-CURRENT LIABILITIES		**8,245,055**	7,275,098
CURRENT LIABILITIES			
Current portion of lease liabilities		**11,551**	11,551
Trade payable		**170,331**	126,679
Accruals and other current liabilities		**290,466**	253,488
Retentions payable		**207,770**	185,398
Zakat and income tax provision		**6,637**	9,002
Dividends payable		**4,144**	4,159
TOTAL CURRENT LIABILITIES		**690,899**	590,277
TOTAL LIABILITIES		**8,935,954**	7,865,375
TOTAL EQUITY AND LIABILITIES		**12,516,457**	11,470,251

KHALIFA A. AL-MULHEM	FAHAD S. AL-MATRAFI	ABDULAZIZ S. AL-ARDHI
Chairman of the Board	President & CEO	Chief Financial Officer

The attached notes 1 to 17 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 CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

				Other components of equity						
	Share capital	**Treasury shares**	**Statutory reserve**	**Fair value reserve**	**Foreign currency translation reserve**	**Share-based payment reserve**	**Retained earnings**	**Total controlling interest**	**Non-controlling interest**	**Total equity**
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	-	-	-	-	-	-	148,133	148,133	(3,077)	145,056
Other comprehensive income (loss) for the period	-	-	-	12,657	(23,610)	-	-	(10,953)	-	(10,953)
Total comprehensive income for the period	-	-	-	12,657	(23,610)	-	148,133	137,180	(3,077)	134,103
Purchase of treasury shares (note 1)	-	(29,375)	-	-	-	-	-	(29,375)	-	(29,375)
Share-based payment reserve	-	-	-	-	-	2,194	-	2,194	-	2,194
Dividends (note 12)	-	-	-	-	-	-	(142,533)	(142,533)	-	(142,533)
At 30 September 2023	2,600,000	(79,301)	464,792	40,846	(82,213)	5,400	257,466	3,206,990	375,887	3,582,877
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
Profit for the period	-	-	-	-	-	-	28,709	28,709	(5,996)	22,713
Other comprehensive loss for the period	-	-	-	(40,205)	(10,331)	-	-	(50,536)	-	(50,536)
Total comprehensive loss (income) for the period	-	-	-	(40,205)	(10,331)	-	28,709	(21,827)	(5,996)	(27,823)
Share-based payment reserve	-	-	-	-	-	3,450	-	3,450	-	3,450
Transfer of Statutory Reserve (note 1)	-	-	(481,898)	-	-	-	481,898	-	-	-
At 30 September 2024	**2,600,000**	**(79,301)**	**-**	**(11,272)**	**(77,495)**	**11,259**	**768,504**	**3,211,695**	**368,808**	**3,580,503**

KHALIFA A. AL-MULHEM	FAHAD S. AL-MATRAFI	ABDULAZIZ S. AL-ARDHI
Chairman of the Board	President & CEO	Chief Financial Officer

The attached notes 1 to 17 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 CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	**30 September 2024**	30 September 2023
OPERATING ACTIVITIES		***(Unaudited)***	*(Unaudited)*
Profit before zakat and income tax		**27,532**	150,722
Adjustment to reconcile profit before zakat and income tax to net cash flows from operations:			
Depreciation of property, plant and equipment		**135,377**	133,819
Depreciation of right-of-use assets		**11,493**	1,031
Finance costs		**3,093**	2,283
Share in results of an associate	8	**96,812**	75,290
Share-based payment expense		**3,450**	2,194
Employees’ defined benefits liabilities and other benefits		**29,526**	21,372
		307,283	386,711
Working capital adjustments:			
Inventories		**20,341**	729
Trade receivables		**(233,562)**	1,396
Prepayments and other current assets		**(14,280)**	29,542
Trade payable		**43,652**	(11,658)
Accruals and other current liabilities		**36,978**	3,281
Cash generated from operations		**160,412**	410,001
Employees’ defined benefits liabilities and other benefits paid		**(12,021)**	(2,834)
Finance costs paid		**(113,138)**	(87,115)
Finance income received on Murabaha deposits		**-**	12,211
Zakat and income tax paid		**(5,684)**	(11,293)
Net cash generated from operating activities		**29,569**	320,970
INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(1,732,650)**	(2,528,142)
Net movement in long term retentions payable		**22,372**	79,499
Net movement in other non-current assets		**19,363**	12,825
Net cash used in investing activities		**(1,690,915)**	(2,435,818)
FINANCING ACTIVITIES			
Purchase of treasury shares		**-**	(29,375)
Net movement in SIDF loan		**-**	717,576
Proceeds from long term Murabaha loans		**900,000**	2,800,000
Payments of long term Murabaha loans		**(1,310,000)**	-
Proceeds from Islamic loan facilities		**1,335,299**	1,421,933
Net movement in short term Murabaha loans		**-**	(1,740,400)
Payment of lease liabilities		**(693)**	(1,115)
Dividends paid		**(15)**	(142,431)
Net cash generated from financing activities		**924,591**	3,026,188
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(736,755)**	911,340
Cash and cash equivalents at the beginning of the period		**923,664**	1,006,535
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**186,909**	1,917,875
SIGNIFICANT NON-CASH TRANSACTIONS:			
Finance costs on long term Murabaha loans charged to capital work in progress		**110,569**	85,549
Depreciation of right-of-use assets charged to capital work in progress		**-**	4,499
Financial charges on lease liabilities against right-of-use assets charged to capital work in progress		**4,135**	5,248
Finance costs on SIDF loan charged to capital work in progress		**23,187**	9,475
Disposal of Property, plant and equipment against asset disposal provision		**-**	339

KHALIFA A. AL-MULHEM	FAHAD S. AL-MATRAFI	ABDULAZIZ S. AL-ARDHI
Chairman of the Board	President & CEO	Chief Financial Officer

The attached notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

(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 Dammam 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 2022, the shareholders approved the purchase of Company's own shares, with a maximum of (1,500,000) shares, for the purpose of allocating them to the Company's employees within the Employees Share Incentive Program, provided that the purchase of these shares to be financed through the Company's own resources. Further, to authorize the Board of Directors (or whomever it delegates) to complete the purchase within (12 months) from the date of the extraordinary general assembly's approval, and to determine the terms of the program and its implementation, including determination of the allocation for consideration or not, and to be kept no longer than (10) years from the date of approval as a maximum until the shares are allocated to eligible employees. During 2023, the Company has completed the purchase of 1,500,000 of its own shares amounting to SR 79.3 million (2022: SR 49.9 million).

Further, 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 nine-month period ended 30 September 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 condensed consolidated financial statements as at 30 September 2024 and 2023 include the financial statements of the Company and its following subsidiaries (collectively referred to as the "Group"):

	Effective ownership directly and indirectly
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 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”) and investments at fair value through profit or loss which are measured at fair value. 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 Accountant (“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 24 Rabi Al-Thani1446H (corresponding to 27 October 2024).

Basis of consolidation
These interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 September 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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

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

	30 September 2024 *(Unaudited)*	31 December 2023 *(Audited)*
Fair value reserve	**(11,272)**	28,933
Foreign currency translation reserve	**(77,495)**	(67,164)
Share-based payment reserve	**11,259**	7,809
	(77,508)	(30,422)

7. PROPERTY, PLANT AND EQUIPMENT

During the nine-month period ended 30 September 2024, the Group acquired assets with a cost of SR 1,732 million (30 September 2023: SR 2,528 million).

Capital work-in-progress primarily represents costs incurred for the new Propane Dehydrogenation (PDH) & Polypropylene plant (PP) Project of APOC. The Group has capitalized financial charges on lease liabilities against right-of-use assets of SR 4.1 million (30 September 2023: SR 5.2 million) and capitalized SR 133.8 million (30 September 2023: SR 85.5 million) financial charges on loans related to APOC's project financing.

The depreciation charged during the period ended 30 September 2024 was SR 135.4 million (30 September 2023: SR 133.8 million).

8. INVESTMENT IN AN ASSOCIATE

	For the nine-month period ended 30 September 2024 *(Unaudited)*	For the nine-month period ended 30 September 2023 *(Unaudited)*
At the beginning of the period	**377,538**	484,041
Share in results of an associate	**(96,812)**	(75,290)
Exchange differences on translation of investment in an associate	**(10,331)**	(23,610)
At the end of the period	**270,395**	385,141

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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

9. OTHER NON-CURRENT ASSETS

	30 September 2024	31 December 2023
	(Unaudited)	*(Audited)*
Employees' home ownership program	**183,966**	203,329

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 183.97 million (2023: SR 203.33 million) represents non-current portion and SR 16.56 million (2023: SR 16.56 million) represents current portion.

10. 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 30 September 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. At and during period 30 September 2024, the Group was compliant with covenants.

	30 September 2024	31 December 2023
	(Unaudited)	*(Audited)*
Saudi Industrial Development Fund ("SIDF")	**3,000,000**	3,000,000
Less: unamortised transaction costs	**(187,983)**	(210,308)
	2,812,017	2,789,692

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. As at 30 September 2024, an amount of SR 2.76 billion (31 December 2023: SR 1.42 billion) was withdrawn from the loan facility.

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.

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. During the year 2023, an amount of SR 1.3 billion was withdrawn by the Group. During nine-month 2024, an amount of SR 610 million was repaid by the Group to have outstanding balance as at 30 September 2024 of SR 690 million. The loan to be paid in full by 28 May 2028.

(All amounts in Saudi Riyals thousands unless otherwise stated)

10. BORROWINGS (continued)

c) LONG TERM MURABAHA LOANS (continue)

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. During the year 2023, an amount of SR 1.4 billion was withdrawn by the Group. During nine-month 2024, an amount of SR 700 million was repaid while further draw down was made for SR 900 million by the Group to have outstanding balance as at 30 September 2024 of SR 1.6 billion. These loan agreements include covenants to maintain certain financial ratios. At and during period 30 September 2024, 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 December 2023, no amount is withdrawn by the Group.

11. RELATED PARTY TRANSACTION 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 three-month and nine month-periods ended 30 September 2024, there were no significant transactions entered by the Group with related parties (three-month and nine-month periods ended 30 September 2023: same).

Compensation of key management personnel

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

	For the nine-month period ended 30 September 2024	For the nine-month period ended 30 September 2023
	(Unaudited)	*(Unaudited)*
Short-term employee benefits	**22,156**	15,992
Long-term employee benefits	**2,889**	3,957
	25,045	19,949

12. DIVIDENDS

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

13. COMMITMENTS AND CONTINGENCIES

Commitments
At 30 September 2024, Capital commitments contracted but not yet incurred amounted to SR 2 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.

13. COMMITMENTS AND CONTINGENCIES (continued)

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 31.98 million (31 December 2023: USD 27 million).

14. 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 9% of the total sales and overseas sales representing 91% of the total sales.

15. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing 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 earnings per share computations:

	For the three-month period ended 30 September 2024	For the three-month period ended 30 September 2023	**For the nine-month period ended 30 September 2024**	For the nine-month period ended 30 September 2023
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Profit for the period attributable to equity holders of the Parent Company	**45,521**	45,146	**28,710**	148,133
*Weighted average number of ordinary shares (‘000’)	**258,500**	258,500	**258,500**	258,854
Earnings Per Share (SR)	**0.176**	0.175	**0.111**	0.572

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.*

16. 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.

16. FAIR VALUE (continued)

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 30 September 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.

	Total	***Level 1***	***Level 2***	***Level 3***
Period ended 30 September 2024	*SR '000*	*SR '000*	*SR '000*	*SR '000*
Assets measured at fair value				
Equity investment at fair value through other comprehensive income	**420,665**	**420,665**	**-**	**-**

		Level 1	*Level 2*	*Level 3*
Year ended 31 December 2023	*SR '000*	*SR '000*	*SR '000*	*SR '000*
Assets measured at fair value				
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.

17. SUBSEQUENT EVENT

In the opinion of management, there have been no significant subsequent events since the period ended 30 September 2024 that would have a material impact on the financial position of the Group as reflected in these interim condensed consolidated financial statements.