



Saudi Basic Industries Corporation (SABIC) announces the completion of Saudi Aramco acquisition of Public Investment Fund (PIF) stake in (SABIC)

Impact on Consolidated Financial Statements

- Completing Saudi Aramco Company (“Saudi Aramco”) acquisition process of 70% of Saudi Basic Industries Corporation (“SABIC”) shares, required reviews and analyses to harmonize and align their local and global mutual strategic efforts. The reviews addressed the alignment of relevant accounting policies, specifically related to the control assessment of SABIC’s investments in certain ventures (“the Ventures”), where SABIC shareholding is fifty percent. The number of these ventures is seven and located across the industrial cities of the Kingdom of Saudi Arabia.
- In conformity with SABIC accounting policies, the financial statements of these ventures were consolidated within SABIC consolidated financial statements up to the first quarter ended January 31, 2020. Those consolidated financial statements have been reviewed and audited by SABIC external auditors where they issued unqualified conclusion and opinion in their auditors’ reports.
- Based on the reassessment of the control over these ventures under Saudi Aramco unified accounting policies, the accounting treatment has been changed for the following four ventures:
 1. Saudi Yanbu Petrochemical Company (“YANPET”).
 2. Al-Jubail Petrochemical Company (“KEMYA”).
 3. Eastern Petrochemical Company (“SHARQ”).
 4. Saudi Methacrylates Company (“SAMAC”).

On the effective date of the acquisition during the second quarter of 2020, SABIC will deconsolidate the financial statements of these four ventures and are considered as “Joint Arrangements”; and recognize (“YANPET”, “KEMYA” and “SHARQ”) as “Joint Ventures” under the equity accounting method while to recognize (“SAMAC”) as a “Joint Operation” under the joint operations accounting requirements.

- There is no financial impact on the consolidated equity, nor the net income attributable to SABIC shareholders; which were previously reported prior to the acquisition date. According to the IFRS requirements, the comparative figures for the applicable periods will be restated retrospectively to reflect the deconsolidation of the four ventures on SABIC Group assets, liabilities, and operations and a specific disclosure will be included, where applicable, in the consolidated financial statements for the second quarter of 2020.