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ALUJAIN CORPORATION
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

TO: THE SHAREHOLDERS
ALUJAIN CORPORATION
A Saudi Joint Stock Company

Opinion

We have audited the accompanying consolidated financial statements of **ALUJAIN CORPORATION (the "Company") and its subsidiaries (collectively the "Group"),** which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 42 to the accompanying consolidated financial statements, which discloses material restatements made to the year ended December 31, 2022 and its opening balances January 1, 2022. These restatements arose due to the valuation of goodwill and customer relationships. Our opinion is not modified with respect to this matter.

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INDEPENDENT AUDITOR'S REPORT *(Continued)*
ALUJAIN CORPORATION
A Saudi Joint Stock Company

Key Audit Matters

Carrying value of goodwill	
Key audit matter	**How the matter was addressed in our audit**
As at December 31, 2023, the Group had goodwill of SR 1,204 million, which arose from a past business combination (2022: SR 1,204 million). For impairment testing, assets are grouped into the smallest group of assets that generates cash flows from continuing use (cash-generating unit or CGU), which are largely independent of other assets or other CGUs . Management engaged an independent expert to carry out an impairment exercise as at December 31, 2023 in respect of goodwill by determining a recoverable amount based on market capitalization and the value-in-use derived from a discounted cashflow model, which was based on the most recent business plan prepared by the management. We considered the impairment assessment of goodwill as a key audit matter due to significant judgments and assumptions made by the management in determining the appropriate carrying values. *Please refer to note (4.2) for the accounting policy relating to goodwill and to note (8) related to goodwill in the accompanying consolidated financial statements.*	We have performed the following procedures among others: - Obtained an understanding of management's process and the methodology for the impairment assessment of goodwill; - Assessed the methodology applied in the independent expert's report and the conclusions reached therein; - Evaluated the competence, capabilities, and objectivity of the management's external expert based on their professional qualifications and experience and assessed their independence; - Assessed the reliability and relevance of data used to calculate the recoverable amount; - Involved our specialists for assessing the reasonableness of the key assumptions used in the recoverable amount calculations; and - Assessed the adequacy of the disclosures in the financial statements in accordance with the relevant accounting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report and conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, Regulations for Companies and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the board of directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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INDEPENDENT AUDITOR'S REPORT *(Continued)*
ALUJAIN CORPORATION
A Saudi Joint Stock Company

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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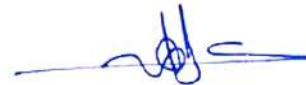
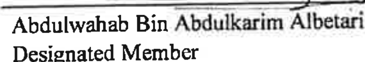


Abdullah M. Alazem
License No. 335

10 Ramadan 1445H (20 March 2024)
Jeddah, Kingdom of Saudi Arabia

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
Consolidated Statement of Financial Position
As of December 31, 2023
(All amounts in thousands Saudi Riyals unless otherwise stated)

	Note	As of December 31, 2023	As of December 31, 2022 (Restated)	As of January 1, 2022 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	6	**1,805,618**	1,993,890	2,020,646
Right of use assets	7	**13,732**	15,056	14,537
Goodwill and intangible assets	8	**1,434,352**	1,491,964	1,549,469
Investment in a joint venture	10	**83,930**	69,016	56,079
Projects under construction	11	**177,454**	5,344	32,536
Investment in financial assets / instruments	12	**1,969**	2,059	2,084
Non-current portion of prepayments and other assets	14	**4,447**	5,400	6,352
Total non-current assets		**3,521,502**	3,582,729	3,681,703
Current assets				
Investment in financial assets / instruments	12	**-**	44	45
Trade and other receivables, net	13	**315,608**	615,575	705,774
Current portion of prepayments and other assets	14	**85,871**	76,389	75,658
Inventories	15	**345,159**	233,579	320,555
Cash and cash equivalents	16	**353,274**	295,172	410,926
Total current assets		**1,099,912**	1,220,759	1,512,958
Total assets		**4,621,414**	4,803,488	5,194,661
Equity and liabilities				
Equity				
Share capital	17	**692,000**	692,000	692,000
Statutory reserve	18	**288,075**	288,075	288,075
Retained earnings		**2,176,613**	2,253,636	2,286,475
Reserve for acquisition of additional shares in a subsidiary	19	**(124,547)**	(25,752)	(8,084)
Other reserves		**-**	5,197	(27,071)
Treasury shares	20	**-**	(631,980)	(627,141)
Equity attributable to the shareholders of Alujain Corporation (Parent Company)		**3,032,141**	2,581,176	2,604,254
Non-controlling interests	9	**34,423**	799,597	826,784
Total equity		**3,066,564**	3,380,773	3,431,038
Non-current liabilities				
Non-current portion of long-term loans	21	**1,067,603**	803,095	973,261
Non-current portion of lease liabilities	7	**15,173**	15,892	14,883
Decommissioning provision	22	**14,236**	13,558	12,912
Non-current portion of accrued and other liabilities	25	**27,523**	-	-
Employees defined benefits liabilities	23	**74,241**	68,778	75,889
Total non-current liabilities		**1,198,776**	901,323	1,076,945
Current liabilities				
Current portion of long-term loan	21	**20,293**	213,365	205,998
Trade and other payables	24	**84,413**	37,375	156,403
Current portion of lease liabilities	7	**735**	831	767
Current portion of accrued and other liabilities	25	**193,793**	214,758	271,105
Zakat payable	26	**56,840**	55,063	52,405
Total current liabilities		**356,074**	521,392	686,678
Total liabilities		**1,554,850**	1,422,715	1,763,623
Total equity and liabilities		**4,621,414**	4,803,488	5,194,661

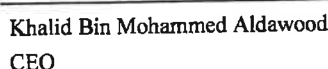
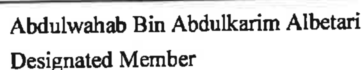


Khalid Bin Mohammed Aldawood CEO	Abdulwahab Bin Abdulkarim Albetari Designated Member	Saleem Akhtar CFO

The accompanying notes (1) to (43) form an integral part of these consolidated financial statements.

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
Consolidated Statement of Profit or Loss
For the year ended December 31, 2023
(All amounts in thousands Saudi Riyals unless otherwise stated)

	Note	For the year ended December 31, 2023	2022 (Restated)
Revenues	27	1,396,733	1,911,180
Cost of revenues	28	(1,163,886)	(1,507,493)
Gross profit		232,847	403,687
Selling, marketing and distribution expenses	29	(77,877)	(179,962)
General and administrative expenses	30	(75,338)	(64,333)
Provision for expected credit loss, net	13	(4,128)	(476)
Provision for inventory obsolescence	15	(2,259)	(533)
Other (expense) / income		(4,136)	62,865
Profit from operations		69,109	221,248
Finance cost	31	(67,135)	(40,575)
Finance income		9,283	2,530
Share of result of a joint venture	10	13,750	11,662
Gain on disposal of a subsidiary	32	4,245	-
Amortization of customer relationships	8.2	(54,750)	(54,750)
Fair value gain / (loss) on re-measurement of equity investment FVTPL	12	6	(1)
(Loss) / profit before Zakat		(25,492)	140,114
Zakat expense	26	(26,781)	(24,810)
Net (loss) / profit for the year		(52,273)	115,304
(Loss) / profit for the year attributable to:			
Shareholders of the Parent Company		(82,245)	64,543
Non-controlling interests	9	29,972	50,761
		(52,273)	115,304
(Losses) / earnings per share attributable to equity holders of the parent Company (SR/share):			
Basic	33	(1.61)	1.31
Diluted	33	(1.19)	0.93

Khalid Bin Mohammed Aldawood
CEO

Abdulwahab Bin Abdulkarim Albetari
Designated Member

Saleem Akhtar
CFO

The accompanying notes (1) to (43) form an integral part of these consolidated financial statements.

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
Consolidated statement of comprehensive income
For the year ended December 31, 2023
(All amounts in thousands Saudi Riyals unless otherwise stated)

	Note	For the year ended December 31, 2023	2022 (Restated)
Net (loss) / profit for the year		**(52,273)**	115,304
Other comprehensive income			
Items that will not be reclassified to statement of profit or loss:			
Re-measurement of retirement benefit obligation	23	**(88)**	11,368
Re-measurement of employee benefit obligation		**7**	115
Share of other comprehensive gain of a joint venture	10	**113**	79
Re-measurement loss on equity investment designated as FVTOCI	12	**(8)**	(25)
		24	11,537
Total comprehensive (loss) / income for the year		**(52,249)**	126,841
Total comprehensive (loss) / income for the year attributable to:			
Shareholders of the Parent Company		**(82,220)**	73,439
Non-controlling interests	9	**29,971**	53,402
		(52,249)	126,841

Khalid Bin Mohammed Aldawood
CEO

Abdulwahab Bin Abdulkarim Albetari
Designated Member

Saleem Akhtar
CFO

The accompanying notes (1) to (43) form an integral part of these consolidated financial statements.

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
Consolidated statement of changes in equity
For the year ended December 31, 2023
(All amounts in thousands Saudi Riyals unless otherwise stated)

		Attributable to the shareholders of Alujain Corporation								
	Note	**Share capital**	**Statutory reserve**	**Retained earnings**	**Additional Shares in a subsidiary**	**Treasury shares**	**Other reserves**	**Total**	**Non-controlling interest**	**Total equity**
Balance as at January 1, 2023 (Before restatement)		692,000	288,075	2,315,886	(25,752)	(631,980)	5,197	2,643,426	799,597	3,443,023
Adjustments	42	-	-	(62,250)	-	-	-	(62,250)	-	(62,250)
Balance as at January 1, 2023 (Restated)		692,000	288,075	2,253,636	(25,752)	(631,980)	5,197	2,581,176	799,597	3,380,773
Disposal of treasury shares	20	-	-	-	-	631,980	-	631,980	-	631,980
Reserve for acquisition of additional shares in a subsidiary		-	-	-	(98,795)	-	-	(98,795)	(572,107)	(670,902)
Net (loss) / profit for the year		-	-	(82,245)	-	-	-	(82,245)	29,972	(52,273)
Other comprehensive (loss) /income for the year		-	-	32	-	-	(7)	25	(1)	24
Total comprehensive (loss) / income for the year		-	-	(82,213)	-	-	(7)	(82,220)	29,971	(52,249)
Transfer from FVTOCI to retained earnings		-	-	5,190	-	-	(5,190)	-	-	-
Disposal of a subsidiary	32	-	-	-	-	-	-	-	(144)	(144)
Dividends	38	-	-	-	-	-	-	-	(42,598)	(42,598)
Dividends in kind	38	-	-	-	-	-	-	-	(180,296)	(180,296)
Balance as at December 31, 2023		692,000	288,075	2,176,613	(124,547)	-	-	3,032,141	34,423	3,066,564
Balance as at January 1, 2022 (Before restatement)		692,000	288,075	2,293,975	(8,084)	(627,141)	(27,071)	2,611,754	826,784	3,438,538
Adjustments	42	-	-	(7,500)	-	-	-	(7,500)	-	(7,500)
Balance as at January 1, 2022 (Restated)		692,000	288,075	2,286,475	(8,084)	(627,141)	(27,071)	2,604,254	826,784	3,431,038
Treasury shares purchased		-	-	-	-	(4,839)	-	(4,839)	-	(4,839)
Reserve for acquisition of additional shares in a subsidiary		-	-	-	(17,668)	-	-	(17,668)	(35,132)	(52,800)
Net profit for the year		-	-	64,543	-	-	-	64,543	50,761	115,304
Other comprehensive income for the year		-	-	8,915	-	-	(19)	8,896	2,641	11,537
Total comprehensive income for the year		-	-	73,458	-	-	(19)	73,439	53,402	126,841
Transfer from FVTOCI to retained earnings		-	-	(32,287)	-	-	32,287	-	-	-
Dividends	38	-	-	(74,010)	-	-	-	(74,010)	(45,457)	(119,467)
Balance as at December 31, 2022 (Restated)		692,000	288,075	2,253,636	(25,752)	(631,980)	5,197	2,581,176	799,597	3,380,773

Khalid Bin Mohammed Aldawood
CEO

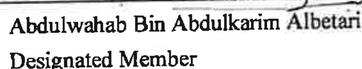
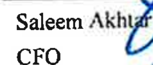
Abdulwahab Bin Abdulkarim Albetari
Designated Member

Saleem Akhtar
CFO

The accompanying notes (1) to (43) form an integral part of these consolidated financial statements.

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
Consolidated statement of cash flows
For the year ended December 31, 2023
(All amounts in thousands Saudi Riyals unless otherwise stated)

	Note	For the year ended December 31, 2023	2022 (Restated)
Cash flows from operating activities			
(Loss) / profit before Zakat		**(25,492)**	140,114
Adjustments for:			
Depreciation of property, plant and equipment	6	**190,219**	186,237
Depreciation of right of use assets	7	**1,410**	1,196
Amortization of customer relationships	8.2	**54,750**	54,750
Amortization of intangible assets	8.3	**2,752**	2,755
Employee defined benefit expenses & annual leave entitlement	23	**10,686**	6,962
Share of result of a joint venture		**(13,750)**	(11,662)
Decommissioning provision included in finance cost		**678**	646
Loss on disposal of property, plant and equipment		**8,187**	171
Finance cost		**66,457**	40,575
Finance income		**(9,283)**	(2,530)
Insurance income		**(621)**	(11,596)
Dividend income		**(6)**	-
Gain on disposal of subsidiary		**(4,245)**	-
Provision for expected credit losses, net		**4,128**	476
Provision for inventory obsolescence		**2,259**	533
Fair value on re-measurement of equity investment FVTPL		**(6)**	1
Working capital adjustments:			
Inventories		**(116,674)**	86,443
Trade and others receivables		**291,624**	89,723
Prepayments and other assets		**(16,569)**	3,310
Trade and other payables		**51,433**	(119,028)
Accrued and other liabilities		**(2,143)**	(66,959)
Net cash flows provided from operations		**495,794**	402,117
Finance cost paid		**(56,017)**	(28,581)
Employees defined benefits paid	23	**(4,499)**	(4,843)
Insurance received		**6,573**	8,507
Zakat paid	26	**(25,004)**	(22,152)
Net cash flows provided from operating activities		**416,847**	355,048
Cash flows from investing activities			
Proceeds from disposal of listed equity securities		**132**	-
Proceed from disposal of a subsidiary		**15,626**	-
Proceeds from sale of property, plant and equipment		**91**	-
Additional shares in a subsidiary		**(219,218)**	(52,800)
Addition to property, plant and equipment		**(4,121)**	(56,844)
Addition to projects under construction		**(187,528)**	(75,616)
Dividend received		**6**	-
Finance income received		**9,197**	2,530
Net cash flows used in investing activities		**(385,815)**	(182,730)

Khalid Bin Mohammed Aldawood
CEO

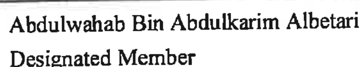
Abdulwahab Bin Abdulkarim Albetari
Designated Member

Saleem Akhtar
CFO

The accompanying notes (1) to (43) form an integral part of these consolidated financial statements

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
Consolidated statement of cash flows (Continued)
For the year ended December 31, 2023
(All amounts in thousands Saudi Riyals unless otherwise stated)

	Note	For the year ended December 31, 2023	2022 (Restated)
Cash flows from a financing activity			
Long term loan, net	21	71,436	(162,799)
Treasury shares purchased		-	(4,839)
Lease rental paid		(1,622)	(1,322)
Dividend paid to shareholders		-	(73,655)
Dividends paid to non-controlling interests		(42,598)	(45,457)
Cash flows provided from / (used in) financing activity		27,216	(288,072)
Net change in cash and cash equivalents		58,248	(115,754)
Cash and cash equivalents at the beginning of the year		295,172	410,926
Disposal of cash and cash equivalents	32	(146)	-
Cash and cash equivalents at the end of the year		353,274	295,172
Non-cash Items:			
Additional shares in a subsidiary through swapping treasury shares and dividend in kind		(752,403)	-
Re-measurement loss on equity investment designated as FVTOCI		(8)	(25)
Re-measurement of employee benefits obligation and annual leave entitlement		(81)	11,483
Share of other comprehensive income of a joint venture		113	79
Zakat expense absorption of a joint venture		1,051	1,196
Addition to right of use assets and lease liabilities		996	1,715
Net assets disposed except for cash (note 32)		11,235	-
Transfer from projects under constructions to property, plant and equipment		(15,418)	(102,808)
Transfer from other reserves to retained earnings		(5,190)	(32,287)
Disposal of treasury shares		631,980	-



Khalid Bin Mohammed Aldawood
CEO

Abdulwahab Bin Abdulkarim Albetari
Designated Member

Saleem Akhtar
CFO

The accompanying notes (1) to (43) form an integral part of these consolidated financial statements

1. GENERAL INFORMATION

ALUJAIN CORPORATION ("the Company", "Alujain" or "the Parent Company") is a Saudi Joint Stock Company incorporated and operating in the Kingdom of Saudi Arabia under Ministerial Decision No. 694, dated 15 Jamad Thani 1412H, corresponding to December 23, 1991. The Company obtained its Commercial Registration No. 4030084538 on Rajab 3, 1412H, corresponding to January 7, 1992. The Commercial Register was deleted and replaced with the new Commercial Register No. 1010614417 issued on 8 Jumada Al-Awal 1439H corresponding to January 25, 2018.

On May 18, 2022, the Extraordinary General Assembly agreed to amend Article Two of the Articles of Association related to the Company's name to become Alujain Corporation ("Alujain"), in addition to the amendment of Article Three of the Articles of Association related to the Company's purposes.

The main activities of the Company and its subsidiaries (the "Group") are the production and sale of propylene, polypropylene and its derivatives, establishment, operation and investment in industrial projects, including projects related to the petrochemical and chemical industries, basic and transformational industries, plastic industries (plastics), industries related to renewable energy and other vital industries inside and outside the Kingdom of Saudi Arabia.

The head office of the Parent Company is located in Riyadh. The consolidated financial statement includes the financial statement of the Group and its branch in Dammam with commercial registration number 2050168860 issued on March 8, 2023, the Group operates through the main head office and its branch.

Details of direct subsidiaries are as follow:

Subsidiaries	Country of incorporation	Principal activities	Effective ownership 2023	2022
National Petrochemical Industrial Company (Closed Joint Stock Company) ("NATPET") *	Saudi Arabia	Produce polypropylene	**98.64%**	76.40%
Alujain National Industrial Company (A One Person Company - A Limited Liability Company) ("LNIC") **	Saudi Arabia	Produce polypropylene	**100%**	-
Zain Industries Company (Closed Joint Stock Company) ("Zain") ***	Saudi Arabia	Engaged in the business of homecare products, insecticides and agricultural pesticides	**-**	98.75%

* On 6 Rabi' II 1443 A.H. (November 11, 2021), Alujain Corporation obtained control over National Petrochemical Industrial Company ("NATPET") due to minority veto rights lapse after changes in NATPET's By-Law and NATPET became a subsidiary from that date. Alujain consolidated the financial statements of NATPET within its consolidated financial statements for the year ended December 31, 2021, instead of using the equity method to account for this investment.

** Alujain National Industrial Company (A one Person Company - A Limited Liability Company) is a company that was established on 10/6/1444 H. (corresponding to 3/1/2023), and it is wholly owned by Alujain, and still did not started its operations yet.

*** As of July 31, 2023, the Group signed an agreement to sell its entire shares in Zain Industries Company – "the subsidiary" to a third party. The Group owned a 98.75% stake in the subsidiary. The Group has recorded the assets disposed and the liabilities assumed at their carrying amounts as of July 31, 2023 (note 32). The legal formalities of transfer the ownership from the group to new shareholders have been finalized during September 2023.

Following is the indirect subsidiary of the Group (100% owned by NATPET):

Subsidiaries	Country of incorporation	Principal activities	Effective ownership 2023	2022
Infrastructure Reinforcement Industrial Company (IRIC)	Saudi Arabia	Manufacturing, distribution and sale of geo-synthetic products	**100%**	100%
Fawasel Advanced Chemicals Company (A Limited Liability Company) ("Fawasel") *	Saudi Arabia	Wholesale of chemicals	**100%**	100%
Abraj Altaj Plastic Company (A Limited Liability Company) ("Abraj") *	Saudi Arabia	Manufacturing of organic chemicals including styrene except nitrogenous fertilizers	**100%**	100%
Afaq Professional Chemicals Company (A Limited Liability Company) ("Afaq") *	Saudi Arabia	Wholesale of basic plastic, rubber and synthetic fiber	**100%**	100%
Mina Company (A Single Person Company) ("Mina") *	Saudi Arabia	Wholesale of basic plastic, rubber and synthetic fiber	**100%**	100%

* Management of NATPET has decided to initiate the liquidation process of those subsidiaries.

This strategic action was undertaken after careful evaluation and its alignment with the overall business objectives. The liquidation process will be carried out in accordance with applicable legal requirements and with due consideration for the interests of stakeholders.

2. BASIS OF PREPARATION

2-1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) that are endorsed in Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to “IFRSs endorsed in KSA”).

2-2 Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for the items which are measured at fair value, present value, net realizable value and replacement cost in line with the accrual basis of accounting and going concern basis.

The accounting policies adopted are consistent with those of the previous financial year ended December 31, 2022 except for and the adoption of new and amended standards as set out in note 5.

2-3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals (SR), which is the functional currency of the Group. All values are rounded off to nearest thousands, except when otherwise indicated.

2-4 Income and cash flow statements

The Group has elected to present consolidated statements of profit or loss and consolidated statement of comprehensive income separately and presents its expenses by function.

The Group reports consolidated cash flows from operating activities using the indirect method.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS, AND JUDGMENTS

The preparation of the Group consolidated financial statements, in conformity with IFRS as endorsed in KSA, requires the use of judgements, estimates and assumptions. Such estimates and assumptions may affect the balances reported for certain assets and liabilities as well as the disclosure of certain contingent assets and liabilities as at the consolidated statement of financial position date. Any estimates or assumptions affecting assets and liabilities may also affect the reported revenues and expenses for the same reporting period. Although these estimates are based on management’s best knowledge of current events and actions, actual results ultimately may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include the following:

- Sensitivity analyses disclosures (note 23 and 37)
- Financial instruments risk management (note 37)
- Capital management (note 37)

The following are the material judgments, apart from those estimates, made by management in order to apply the Group's accounting policies that have the most significant effect on the amounts included in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS, AND JUDGMENTS (CONTINUED)

3.1 Leases - extension and termination options – Group as lessee

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is significant event or significant change in circumstances within control.

3.2 Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at fair value through other comprehensive income. Monitoring is part of the Management’s continuous assessment of whether the business model for which the financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

3.3 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3.3.1 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset’s performance of the Cash Generating Unit ("CGU") being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

3.3.2 Measurement of financial instruments

The Group is required to make judgments about the regional and business-related risk profiles of the Group’s customers to assess the Expected Credit Losses (“ECL”) on trade receivables. When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Any changes in ECL rates and recoveries of receivables within or beyond the defined credit periods in the future would have a significant impact on the reported loss allowance.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS, AND JUDGMENTS (CONTINUED)

3.3.3 Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgment in estimating the expected cash outflows for severance payments and site closures or other exit costs. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs. The carrying amount of the decommissioning provision as of 31 December 2023 was SR 14.2 million (2022: SR 13.5 million). The Group estimates that the costs would be realized through 35 years' time upon the expiration of the lease-hold land and calculates the provision using the discounted cash flow method.

3.3.4 Long-term assumptions for employee benefits

End-of-service benefits and indemnity payment represent obligations that will be settled in the future and require assumptions to project obligations. The accounting requires management to make further assumptions regarding variables such as discount rates, rate of compensation increases, mortality rates and employment turnover costs. Periodically, management of the Group consults with external actuary regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred. Certain actuarial assumptions have been adopted and disclosed in note 23 to these consolidated financial statements for valuation of defined benefit obligations.

3.3.5 Useful lives and residual value of property, plant and equipment, client relationships, and intangible assets

The management determines the estimated useful lives and residual value of property, plant and equipment, client relationships, and intangible assets for calculating depreciation / amortization. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation / amortization charges are adjusted where management believes the useful lives and residual value differ from previous estimates.

3.3.6 Allowance for inventory losses

The Group recognizes an allowance for inventory losses due to factors such as obsolescence, physical damage etc. The estimation of such losses includes the consideration of factors including but not limited to introduction of new models or technology by the manufacturer, past trends and both existing and emerging market conditions.

3.3.7 Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its Incremental Borrowing Rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the Group's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Parent's stand- alone credit rating).

3.3.8 Fair value of assets and liabilities acquired in a business combination

The Group makes judgements and estimates in relation to the fair value determination of the assets and liabilities acquired in a business combination. In making such judgements, the Group applied the replacement cost model in determining the fair value of the non-financial assets as permitted by IFRS 13 "Fair value measurement".

The accounting of business combination requires recognizing the excess of purchase consideration over the fair value of the identifiable assets and liabilities of the acquired entity on the date of acquisition. Where the purchase consideration exceeds such fair value, it is recognised as goodwill and if such fair value exceeds the purchase consideration, it is recognised as gain on acquisition in the consolidated statement of profit or loss.

The Group measures its investments in subsidiaries when the Group exercises control over them. Control is achieved when the Group is exposed, or has the right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In general, owning the majority of equity instruments, which gives the group a share in voting rights, such as ordinary shares in the investee company, and in the absence of other factors, leads to achieving control over the investee company.

3.3.9 Goodwill - Annual impairment testing of goodwill

Cash generating units ("CGU") to which goodwill is allocated. The Group of CGU is defined based on certain acquisitions and CGU's arising from those acquisitions. The structure and groups of CGU are assessed on an annual basis. The impairment test of goodwill is performed at least annually for each group of cash generating units to which goodwill is allocated. To determine the recoverable amount, the market value model is used.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS, AND JUDGMENTS (CONTINUED)

3.3.10 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial information are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The policies and procedures for both recurring fair value measurement and for non-recurring measurement are evaluated periodically.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.3.11 Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

4. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently, except for the adoption of new standards, interpretations and amendments as mentioned in note 5 in the preparation of these consolidated financial statements.

4.1 Basis for consolidation

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
- The ability to use its power over the investee to affect its return

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Basis for consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year / period are included in the consolidated financial information from the date the Group gains control until the date the Group ceases to control the subsidiary.

Income and each component of other comprehensive income are attributed to the equity holders of the part of the Group and 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 information of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions 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 derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in consolidated statement of profit or loss. Any investment retained is recognised at fair value.

4.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administration expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports in its financial information, provisional amounts for the items for which the accounting is incomplete.

During the measurement period, the Group retrospectively adjusts the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the Group also recognises additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Group receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period does not exceed one year from the acquisition date.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.3 Investments in equity accounted investees

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's consolidated statement of other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial information of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of profit or loss.

4.4 Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

4.5 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting year; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year.

All other assets are classified as non-current.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.5 Current versus non-current classification (continued)

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting year; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year.

The Group classifies all other liabilities as non-current.

4.6 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset including any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, where applicable.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in the consolidated statement of profit or loss as incurred.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in the consolidated statement of profit or loss.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

	2023	2022
Leasehold improvements	**3 - 10 years**	3 - 10 years
Buildings on leased land	**20 - 25 years**	20 - 25 years
Plant and equipment	**3 - 30 years**	3 - 30 years
Computers	**3 - 4 years**	3 - 4 years
Furniture and office equipment	**5 - 10 years**	5 - 10 years
Vehicles	**4 years**	4 years
Laboratory and safety tools	**5 - 10 years**	5 - 10 years
Capital spares and standby equipment	**5 - 25 years**	5 - 25 years

Depreciation methods estimated useful lives and residual values are reviewed at each reporting date and adjusted with the effect of any changes in estimate accounted for on a prospective basis.

During 2022, as part of operational efficiency review, the subsidiary company "NATPET" has revised the estimated useful lives of its plant and equipment, which resulted in change in expected usage of certain plant and equipment. These dyeing plant and equipment are now expected to remain in usage for another 2-5 years from the original year of expiry. The effect of these changes on actual and expected depreciation on the expense, included in "cost of revenues", was as follow:

	2022	**2023**	**2024**	**2025**	**Later**
(Decrease) / increase in depreciation expense	(31,571)	(31,556)	(31,362)	(29,078)	123,567

Turnaround costs

Costs of major maintenance and repairs incurred as part of substantial overhauls or turnarounds of major units at the Group's polypropylene plant are capitalized and amortized using the straight-line method over the period until the next planned turnaround, predominantly 2 to 3 years. These costs are necessary to maintain, extend and improve the operating capacity and efficiency rates of the production units.

De-recognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized in consolidated statement of profit or loss and other comprehensive income.

Projects under construction

Projects under construction ("PUC") represents all costs relating directly to the ongoing projects in progress and are capitalized as property, plant and equipment or intangible asset, when the project is completed. PUC is carried at cost, less any recognized impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation of these assets, on the same basis as other same class of assets, commences when the assets are available for their intended use.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.7 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Leases are recognized as right-of-use assets along with their corresponding liabilities at the date of which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is recognized in the consolidated statement of profit or loss and other comprehensive income over the lease term. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Leasehold land 35 years
- Pipeline corridors 17 years
- Vehicles 3 years.
- Offices 3 years.

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs, if applicable.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. The lease payments are discounted using the interest rate implicit to the lease or the Group's incremental borrowing rate.

Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low value assets are items that do not meet the Group's capitalization threshold and are considered to be insignificant for the consolidated statement of financial position for the Group as a whole. Payments for short-term leases and leases of low value assets are recognized on a straight-line basis in profit or loss.

4.8 Intangible assets (Except Goodwill)

Intangible assets acquired separately are measured at cost upon initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible asset.

The amortization period for intangible assets with a finite useful life is as follows:

License fee	20 years
Other intangibles	5 years
Customer relationships	6 years

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.8 Intangible assets (Except Goodwill) (continued)

The useful life of an intangible asset with a definite life is reviewed regularly to determine whether there is any indication that its current life assessment continues to be supportable. If not, the change in useful life assessment is made on a prospective basis. Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually either individually or at the aggregated CGU level. Gains or losses arising from derecognizing an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

4.9 Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (“CGU”) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained

4.10 Investment in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting.

Under the equity method, investment in joint ventures is recognized initially in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the joint venture. When the Group’s share of losses of a joint venture exceeds the Group’s interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group’s net investment in the joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9 Financial Instruments. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the joint venture is disposed of.

When the Group transacts with joint ventures, profits and losses resulting from the transactions with the joint ventures are recognized in the consolidated financial statements only to the extent of interests in the joint ventures that are not related to the Group.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.10 Investment in a joint venture (continued)

Impairment of investment in a joint venture

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in joint ventures. When necessary, the entire carrying amount of the investment (including goodwill, if any) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

Investments are assessed for indicators of impairment at each reporting date. Investments are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the investment have been impacted.

The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, whenever there is indication that the investment may be impaired.

In determining the value in use of the investment, the Group estimates:

- its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- the present value of the estimated future cash flows expected to arise from dividends to be received from the associate and from its ultimate disposal.

The recoverable amount of an investment is assessed for each associate, unless investment does not generate cash inflows from continuing use that are largely independent of those from other assets of the Group.

Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4.11 Impairment of non-financial assets

The Group's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU's to which the individual asset is allocated. These budgets and forecast calculations are generally covering a five-year period. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the budget period.

Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset.

Irrespective of whether there is any indication of impairment, the Group shall also test intangible assets with an indefinite useful life (including goodwill) or intangible assets not yet available for use for impairment annually by comparing their carrying amount with respective recoverable amount. This impairment test may be performed at any time during an annual period, provided it is performed at the same time every year. Different intangible assets may be tested for impairment at different times. However, if such an intangible asset was initially recognized during the current annual period, that intangible asset shall be tested for impairment before the end of the current annual period.

For assets other than above, an assessment is made at each financial year-end as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, or fair value through other comprehensive income (OCI) or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through income statement, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through income statement

<u>Financial assets at amortized cost (debt instruments)</u>

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognized in statement of profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost include cash and cash equivalents, short-term investments and trade and other receivables.

<u>Financial assets at fair value through OCI (debt instruments)</u>

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of profit and loss and other comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon de-recognition, the cumulative fair value change recognized in OCI is recycled to the consolidated statement of income. Currently the Group does not have investment in financial asset at fair value through OCI.

<u>Financial assets designated at fair value through OCI (equity instruments)</u>

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.12 Financial instruments (continued)

i) Financial assets (continued)

Gains and losses on these financial assets are never recycled to the consolidated income statement. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. Currently the Group have financial asset designated at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payable, lease liabilities and other liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.12 Financial instruments (continued)

i) Financial liabilities (continued)

Borrowings, trade and other payables

This category is relevant to the Group. After initial recognition, borrowings, trade and other payables are subsequently measured at amortized cost using the effective interest rate ("EIR") method. Gains and losses as a result of unwinding of interest cost through EIR amortization process and on de-recognition of financial liabilities are recognized in the consolidated statement of profit or loss.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit or loss.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

4.13 Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward- looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 270 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4.14 Inventories

Inventories, including raw materials, work in progress, finished goods and consumables (spares) are valued at the lower of cost i.e. historical purchase prices based on the weighted average principle plus directly attributable costs (primarily duty and transportation), and the net realizable value. Inventories of work in progress and finished goods include cost of materials, labor and an appropriate proportion of variable and fixed direct overheads.

Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to complete a sale.

Spare parts / consumables

Spare parts are the interchangeable parts of plant and equipment which are considered to be essential to support routine maintenance, repair and overhaul of plant and equipment or to be used in emergency situations for repairs. The Group maintains the following different types of spare parts:

- Stand-by equipment items acquired together with the plant/production line or purchased subsequently but related to a particular plant or production line and will rarely be required are critical to plant operation and must be available at stand-by at all times. These are capitalized as part of property, plant, and equipment and depreciated from purchase date over a period which is shorter of the component's useful life or the remaining useful life of the plant in which it is to be utilized. These do not form part of inventory provided capitalization criteria under property, plant and equipment is met.
- Repairable items that are plant/production line specific with long lead times and will be replaced and refurbished frequently (mostly during turnarounds). These are capitalized as part of property, plant, and equipment where the capitalization criteria are met. Depreciation is started from day of installation of these items in the plant, and the depreciation period is the shorter of the useful life of the component and the remaining useful life of the plant and equipment in which it is installed. These do not form part of inventory.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.14 Inventories (continued)

Spare parts / consumables (continued)

- General capital spares and other consumables items which are not of a critical nature and are of a general nature, i.e., not plant specific and can be used in multiple plants or production lines and any other items which may be required at any time for facilitating plant operations. They are generally classified as 'consumables and spare parts' under inventory, unless they exceed the threshold and have a useful life of more than one year, under which case they are recorded under property, plant and equipment. Items recorded under inventory are subject to assessment for obsolescence provision and are charged to the consolidated statement of income upon their installation or use. Where such items meet criteria for capitalization, their depreciation method is similar to repairable items as noted above.

4.15 Trade receivables

Trade receivables are amounts due from customers for products sold and services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using EIR, less provision for impairment.

4.16 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances, short-term deposits, demand deposits and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.17 Provisions

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where management of the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a consolidated asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Decommissioning cost

The Group records a provision for decommissioning costs of manufacturing facility. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the relevant asset. The cash flows are discounted at a rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the consolidated statement of profit or loss as financial charges. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

4.18 Employee benefits

The Group operates employees' end of service benefits scheme.

End of service benefits, as required by Saudi Arabia Labor Law, are required to be provided based on the employees' length of service. The Group's net obligation in respect of defined unfunded benefit plans ("the obligations") is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, and any unrecognized past service costs.

The discount rate used is the market yield on government bonds at the reporting date that has maturity dates approximating the terms of the Group's obligations. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method to determine the Group's present value of the obligation, with actuarial valuations to be carried out every third year and updated annually for the following two years for material changes, if any. Defined benefits liability comprises of the following:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense / income; and
- Re-measurement gains / (losses).

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.18 Employee benefits (continued)

The Group recognizes and presents the first two components of the defined benefit costs in the consolidated statement of income. Gains / (losses) due to re-measurement of employee benefits liabilities are recognized in other comprehensive income immediately. Curtailment gains/ (losses) are accounted for as past service cost in the profit or loss in the period of plan amendment.

The Group is also required to contribute towards a state-owned benefit plan where the Group's obligation under the plan is to make specified monthly contribution based on specified percentage of payroll cost as stipulated under the regulation. These contributions are recognized as an expense when employees have rendered the service entitling them to the contributions. Any unpaid amounts are classified as accruals.

A liability is also recognized for benefits accruing to the employees in respect of wages and salaries, annual leaves and other related benefits in the period the related services are rendered at the undiscounted amount of the benefits expected to be paid and are classified as accruals.

4.19 Earnings per share

Basic earnings per share is calculated by dividing:

- the income attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- by the weighted average number of ordinary shares outstanding during the financial year, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

4.20 Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortised cost using EIR.

4.21 Zakat and taxes

Zakat

The Group is subject to Zakat and income tax in accordance with the regulations of the Zakat Tax and Customs Authority (the "ZATCA"). Zakat is calculated based on higher of approximate Zakat base, adjusted profit, and charged to the consolidated statement of profit or loss. Additional amounts, if any, are accounted for when determined to be required for payment.

Withholding tax

Withholding tax related to dividends, royalties, interest and service fees are recorded as liabilities.

4.22 Accrued and other liabilities

Accrued and other liabilities are recognized for amounts to be paid in the future for goods/services when controls over such goods are transferred to the Group or services are received, whether or not billed to the Group.

4.23 Revenue from contracts with customers

The Group recognizes revenue from the sale of polypropylene, geo-synthetic products, and home-care products.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

The Group recognizes revenue when it transfers control of a product to a customer. Revenue is recognized to the extent that it is probable that any future economic benefit associated with the item of revenue will flow to the Group, the revenue can be reliably measured, regardless of when the payment is being made and the costs are identifiable and can be measured reliably.

The Group has applied IFRS 15 Revenue from contracts with customers for accounting of revenue. The core principle of the IFRS 15 Revenue from contracts with customers is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.23 Revenue from contracts with customers (continued)

Revenue is measured at the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal.

The Group sells polypropylene and geo-synthetic products to the customers and recognizes revenue when the control has been transferred to the customer which is at the point in time when the goods are delivered to the customers or the carrier responsible for transporting the goods to the customers and is stated net of trade discounts. A receivable is recognized by the Group when the goods are delivered to the credit customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. For most of the customers, the Group usually grants a credit period of up to 120 days.

4.24 Finance income

For all financial instruments measured at amortized cost, interest income is recorded using the Effective Interest Method ("EIR") method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the consolidated statement of profit or loss and other comprehensive income. Earnings on time deposits are recognized on an accrual basis.

4.25 Finance cost

Finance costs comprises of bank charges, borrowings interest charges and unwinding of financial liabilities charges incurred by the Group during the year. Bank charges are recorded as and when these are incurred.

Borrowings interest charges and unwinding of financial liabilities charges are recorded in the consolidated statement of profit or loss and other comprehensive income on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

4.26 Costs and expenses

Cost of revenue

Production costs and direct manufacturing expenses are classified as cost of revenue. This includes raw material, direct labor and other attributable overhead costs.

Selling, marketing and distribution expenses

These include any costs incurred to carry out or facilitate selling activities of the Group. These costs typically include salaries of the sales staff, marketing and distribution and logistics expenses as well as sale commissions and such fees. These also include allocations of certain general overheads.

General and administrative expenses

These pertain to operation expenses which are not directly related to the production of any goods or services. These also include allocations of general overheads which are not specifically attributed to cost of revenue or selling and distribution expenses.

Allocation of overheads between cost of revenue, selling and distribution expenses, and general and administrative expenses, where required, is made on a consistent basis.

4.27 Segment reporting

An operating segment is a group of assets, operations, or entities:

(i) Engaged in business activities from which it may earn revenue and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components;
(ii) The results of its operations are continuously analyzed by chief operating decision maker (CODM) in order to make decisions related to resource allocation and performance assessment; and
(iii) For which financial information is discretely available.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4.28 Treasury shares

Own equity instruments that are repurchased (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the shares. Any difference between the carrying amount of the shares and the consideration, if reissued, is recognized in other reserves within equity

5. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

5.1 NEW STANDARDS, AMENDMENT TO STANDARDS AND INTERPRETATIONS

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Group's consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated financial statements.

5-2 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

5. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (CONTINUED)

5-2 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current (continued)

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of the consolidated financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted, but will need to be disclosed. The amendments are not expected to have a material impact on the Group's financial statements.

General requirements for disclosure of sustainability-related financial information - IFRS S1

This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

Climate-related disclosures - IFRS S2

This is the first thematic standard issued that sets out requirements for entities to disclose information about climate related risks and opportunities.

6. PROPERTY, PLANT AND EQUIPMENT

	Buildings and leasehold improvements	Plant & equipment	Turnaround	Catalyst & precious metals	Computers	Furniture and office equipment	Vehicles	Laboratory & safety tools	Capital and other spares and standby equipment	Total
Cost										
At January 01, 2023	123,859	3,474,725	251,352	250,183	27,275	9,095	8,207	4,623	71,470	4,220,789
Additions for the year	-	190	-	3,248	360	84	229	10	-	4,121
Transfer from PUC (note 11)	185	12,969	-	-	77	702	-	1,485	-	15,418
Disposal	-	-	-	-	-	(6)	(623)	-	-	(629)
Write-off	(2,394)	(7,979)	-	-	-	(180)	-	-	-	(10,553)
Disposal of a subsidiary	(14,221)	(14,867)	-	-	-	(66)	(296)	-	-	(29,450)
At December 31, 2023	**107,429**	**3,465,038**	**251,352**	**253,431**	**27,712**	**9,629**	**7,517**	**6,118**	**71,470**	**4,199,696**
Depreciation										
At January 01, 2023	51,328	1,758,107	217,654	130,444	23,791	8,270	7,082	1,460	28,763	2,226,899
Charges for the year	5,861	136,438	21,356	20,350	2,016	358	466	592	2,782	190,219
Disposal	-	-	-	-	-	(6)	(623)	-	-	(629)
Write-off	(2,275)	-	-	-	-	-	-	-	-	(2,275)
Disposal of a subsidiary	(7,359)	(12,506)	-	-	-	(66)	(205)	-	-	(20,136)
At December 31, 2023	**47,555**	**1,882,039**	**239,010**	**150,794**	**25,807**	**8,556**	**6,720**	**2,052**	**31,545**	**2,394,078**
Net book value as at:										
December 31, 2023	**59,874**	**1,582,999**	**12,342**	**102,637**	**1,905**	**1,073**	**797**	**4,066**	**39,925**	**1,805,618**

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings and leasehold improvements	Plant and equipment	Turnaround	Catalyst & precious metals	Computers	Furniture and office equipment	Vehicles	Laboratory & safety tools	Capital and other spares and standby equipment	Total
Cost										
At January 01, 2022	124,262	3,428,884	198,058	195,546	32,000	8,677	8,072	2,796	69,017	4,067,312
Additions for the year	-	1,202	-	54,637	897	63	-	-	45	56,844
Transfer from PUC (note 11)	-	44,639	53,294	-	150	355	135	1,827	2,408	102,808
Disposal	(403)	-	-	-	(5,772)	-	-	-	-	(6,175)
At December 31, 2022	123,859	3,474,725	251,352	250,183	27,275	9,095	8,207	4,623	71,470	4,220,789
Depreciation										
At January 01, 2022	45,212	1,624,053	198,152	111,489	26,281	8,012	6,449	1,142	25,876	2,046,666
Charges for the year	6,348	134,054	19,502	18,955	3,282	258	633	318	2,887	186,237
Disposal	(232)	-	-	-	(5,772)	-	-	-	-	(6,004)
At December 31, 2022	51,328	1,758,107	217,654	130,444	23,791	8,270	7,082	1,460	28,763	2,226,899
Net book value as at:										
December 31, 2022	72,531	1,716,618	33,698	119,739	3,484	825	1,125	3,163	42,707	1,993,890

Assets pledged as security

Plant and equipment of a subsidiary have been pledged to secure borrowings of the Group (note 21).

Decommissioning provision

The Group has obtained leasehold land from Royal Commission of Yanbu for a period of 35 years. The Group is obliged to restore the site upon completion of the lease term unless extension is granted by the commission. Accordingly, provision for decommissioning and related asset for retirement obligation has been recorded in the consolidated financial statements (note 22).

Depreciation allocation:

	For the year ended December 31,	
	2023	2022
Cost of revenues (note 28)	**187,612**	182,287
Selling, marketing and distribution expenses (note 29)	**200**	176
General and administration expenses (note 30)	**2,407**	3,774
	190,219	186,237

7. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group has lease contracts for leasehold land, pipeline corridors and vehicles used in its operations. Leases of land generally have lease term of 30-35 years, pipeline corridors 17 years, 3 years for vehicles, and 3 years for offices. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of accommodation buildings and motor vehicles with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The following table shows the movement of the cost of rights to use the assets and accumulated depreciation:

	2023	2022
Cost		
At January 1,	**23,415**	21,700
Addition during the year	**996**	1,715
Write-off during the year	**(553)**	-
Disposal of a subsidiary	**(1,854)**	-
At December 31,	**22,004**	23,415
Accumulated depreciation		
At January 1,	**8,359**	7,163
Charge of the year	**1,410**	1,196
Write-off during the year	**(553)**	-
Disposal of a subsidiary	**(944)**	-
At December 31,	**8,272**	8,359
Net book value as at December 31,	**13,732**	15,056

The following are the amounts recognized in the profit or loss:

	For the year ended December 31,	
	2023	2022
Depreciation expense of right-of-use assets included in the cost of revenues (note 28)	**1,226**	1,011
Depreciation expense of right-of-use assets included the general and administrative expenses (note 30)	**184**	185
Expense relating to short-term leases (included in the cost of revenues)	**3,454**	7,599
Expense relating to short-term leases (included in the general and administrative expenses)	**133**	94
	4,997	8,889

Below are the carrying amounts of lease liabilities and the movements during the year:

	2023	2022
As at January 1,	**16,723**	15,650
Additions during the year	**996**	1,715
Accretion of interest (note 31)	**721**	680
Payments	**(1,622)**	(1,322)
Disposal of a subsidiary	**(910)**	-
As at December 31,	**15,908**	16,723
Less: Current portion of lease liabilities	**(735)**	(831)
Non-current portion lease liabilities	**15,173**	15,892

8. GOODWILL AND INTANGIBLE ASSETS

	As of December 31,	
	2023	2022 (Restated)
Goodwill (note 8.1)	**1,204,929**	1,204,929
Customer relationships (note 8.2)	**211,500**	266,250
Intangible assets (note 8.3)	**17,923**	20,785
	1,434,352	1,491,964

8. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

8.1 Goodwill

On November 11, 2021, Alujain Corporation has gained control over NATPET as a result of minority rights lapse after amendments to NATPET's By-Laws. Consequently, NATPET became a subsidiary of Alujain Corporation on that date.

The acquisition as mentioned came as a result of changes in the Company's by-law of NATPET, where the acquisition took place without a transfer in exchange for a consideration and without an increase in the ownership of Alujain Corporation in the subsidiary NATPET.

As per IFRS 3 "Business combination" when a company obtain control without transferring consideration the group shall re-measure its previously held equity interest in the acquiree at its acquisition–date fair value and recognise the resulting gain or loss, if any, in profit or loss. Based on the above, the fair value of its interest in the acquire will substitute the acquisition–date fair value for the acquisition–date fair value of the consideration transferred to measure goodwill or a gain on a bargain purchase.

Alujain has fulfilled all the requirements for controlling NATPET in accordance with the IFRSs, which was previously announced in the Saudi Stock Exchange (Tadawul) on January 30, 2022. At the date of obtaining the control, the Group included NATPET's financial statements within its consolidated financial statements. At the acquisition date, the Company appointed an independent accredited valuator to evaluate NATPET, and as a result of the evaluation, a goodwill amounting to SR1,205 million was recognized.

The evaluation of NATPET also resulted in a profit against the shares owned in NATPET previously to the date of control of 74.98% an amount of SR 1,352 million.

Below are the carrying amounts of goodwill and the movements during the year:

	2023	2022 (Restated)
At January 1	**1,204,929**	1,204,929
Impairment	**-**	-
At December 31	**1,204,929**	1,204,929

Goodwill is subject to annual impairment testing. Assets are tested for impairment by comparing the carrying amount of each CGU to the recoverable, determined based on market value. As the recoverable amount is derived from market value assessments, sensitivity analysis for valuation is not applicable.

The Group's management conducted an assessment of goodwill as of December 31, 2023, and the evaluation did not result in any impairment losses in the value of the recognized goodwill.

8. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

8.2 Customer relationships

The customer relationships were acquired as part of a business combination. They are recognized at their fair value at the date of acquisition and are subsequently amortised on a straight-line method based on the timing of projected cash flows of the contracts/ business over their estimated useful lives; 6 years.

The amount of the customer relationships value amounted to SR 328.5 million at the acquisition dated November 11, 2021.

	2023	2022 (Restated)
At January 1,	**266,250**	321,000
Amortization	**(54,750)**	(54,750)
At December 31,	**211,500**	266,250

8.3 Intangible assets

License fee and other intangibles	**2023**	2022
At January 1,	**20,785**	23,540
Amortization (note 8.3.1)	**(2,752)**	(2,755)
Disposal of a subsidiary	**(110)**	-
At December 31,	**17,923**	20,785

8.3.1 Amortization allocation:

	For the year ended December 31,	
	2023	2022
Cost of revenues (note 28)	**2,727**	2,720
Selling, marketing and distribution expenses (note 29)	**25**	25
General and administration expenses (note 30)	**-**	10
	2,752	2,755

9. NON-CONTROLLING INTERESTS

The non-controlling interests in the consolidated financial statements consist of the non-controlling interests in the subsidiaries, which represent 1.36% in NATPET as at December 31, 2023 (2022:1.25% in Zain and 23.60% in NATPET).

The movement during the year is as below.

	2023	2022
Balance at January 1,	**799,597**	826,784
Reserve for acquisition of additional shares in a subsidiary	**(572,107)**	(35,132)
Net profit for the year	**29,972**	50,761
Other comprehensive income for the year	**(1)**	2,641
Total comprehensive income for the year	**29,971**	53,402
Disposal of a subsidiary	**(144)**	-
Cash dividends	**(42,598)**	(45,457)
Dividends in kind	**(180,296)**	-
Balance at December 31,	**34,423**	799,597

9. NON-CONTROLLING INTERESTS (CONTINUED)

Summarized financial information for NATPET, which has non-controlling interests ("NCI") that is material to the Group is as follows. The amounts disclosed are before inter-companies' eliminations.

	2023	2022
Revenue	**1,410,250**	1,995,235
Expenses	**(1,304,443)**	(1,734,192)
Net income for the year	**105,807**	261,043
Total other comprehensive income / (loss) for the year	**19,025**	(321,204)
Total comprehensive income / (loss) for the year	**124,832**	(60,161)
Income for the year allocated to NCI	**32,336**	61,501
Other comprehensive loss allocated to NCI	**(1)**	(2,641)
Total comprehensive income allocated to NCI	**32,335**	58,860
Net cash flows provided from operating activities	**480,388**	393,306
Net cash flows used in investing activities	**(29,435)**	(102,830)
Net cash flows used in financing activities	**(472,310)**	(309,038)
Current assets	**1,001,764**	1,195,768
Non-current assets	**1,758,635**	2,630,259
Current liabilities	**308,062**	367,726
Non-current liabilities	**113,098**	126,900
Equity attributable to the owners of the Company	**2,307,376**	2,545,190
Equity attributable to the non-controlling interests	**31,863**	786,211

10. INVESTMENT IN A JOINT VENTURE

Details of the Group's investment in a joint venture at the reporting dates are as follows:

Name of joint venture	**Principal activities**	**Place of business / country of incorporation**	**Proportion of ownership interest**			
			2023	2022	**2023**	2022
Natpet Schulman Specialty Plastic Compounding L.L.C ("Natpet Schulman")	Produce polypropylene compounds	Saudi Arabia	**50%**	50%	**83,930**	69,016

The movement in the investment in a joint venture during the year is as follows:

	As of December 31,	
	2023	2022
Balance at January 1,	**69,016**	56,079
Share of profit for the year	**13,750**	11,662
Share of other comprehensive income for the year	**113**	79
Zakat expense refund	**1,051**	1,196
Balance at December 31	**83,930**	69,016

During 2013, the Group signed a joint venture agreement with a plastic compounder based in the United States of America through its entity in the Netherlands to set up a manufacturing plant in Yanbu to produce polypropylene compounds. The Group owns a 50% stake in the joint venture. The joint venture was initially registered with a capital of SR 10 million in the first quarter of 2014. However, subsequently, the joint venture partners increased their capital to SR 106 million and the Group paid SR 48 million against its share of investment in the increased capital in January 2015. The joint venture obtained a commercial registration during the first quarter of 2014. The plant has been constructed and the joint venture has commenced its operation during the second quarter of 2018.

The Group has joint control over Natpet Schulman by virtue of its 50% shareholding and voting right. The activities of Natpet Schulman are jointly controlled by both the shareholders

The joint venture has signed a loan agreement with SIDF in March 2015 for an amount of SR 100 million out of which SR 67.5 million were drawn as at December 31, 2018. The loan was reduced to SR 84.7 million vide agreement dated December 29, 2019 and the remaining further withdrawals amounting to SR 17.6 were also made during year 2019. The joint venture has paid an upfront fee totaling to SR 7 million as at December 31, 2019, which was treated as an adjustment to interest cost for valuation of the loan using the EIR method under IFRS 9. During year 2020 and 2021, the joint venture has not drawn any balance. The SIDF term loan is repayable in 12 semi-annual installments and is secured by mortgage over the assets of the joint venture for which the loan was granted, promissory notes, and corporate guarantees of the partners.

10. INVESTMENT IN A JOINT VENTURE (CONTINUED)

The loan agreements contain certain covenants which, among others, require that the joint venture maintain specified financial ratios. During the year 2020, the loan balance was rescheduled and the amounts due for payments during 2020 were deferred. Under the rescheduled plan, the repayments rescheduled from March 2022 on semi- annual basis over the period by February 2025.

Further, the joint venture has approved facilities of SR 203 million from Samba Financial Group (SAMBA), at prevailing interest rates, which consist of short term and long-term loans. This facility also includes bridge facility in respect of the above Saudi Industrial Development Fund loan of SR 100 million. The joint venture had paid an upfront commitment fee of SR 1.025 million as at December 31, 2019, which were treated as an adjustment to interest cost for valuation of the loan using the EIR method under IFRS 9. As at December 31, 2019, bridge facility was completely paid whereas the long-term facility, which was supposed to be paid on quarterly basis over the period by October 2023, was extended by January 25, 2024. Upon merger of SAMBA and National Commercial Bank into Saudi National Bank (SNB), the loan payments were rescheduled dated September 22, 2021 that require quarterly principal repayments over the period by September 15, 2023 to SNB. These borrowing facilities require the joint venture to maintain financial covenants including total debt to share capital ratio and current ratio above certain limits. During the year ended 2023, the joint venture has settled the outstanding SNB loan.

Summarized financial information in respect of the Group's joint venture is set out below that has been extracted from the financial statements of the joint venture prepared in accordance with IFRS.

	2023	2022
Non-current assets	**109,602**	120,854
Current assets	**110,138**	100,664
Non-current liabilities	**(13,481)**	(32,179)
Current liabilities	**(39,026)**	(52,503)
Equity	**167,233**	136,836

The above amounts of assets and liabilities include the following:

	2023	2022
Cash and cash equivalents	**30,200**	20,910
Current financial liabilities (excluding trade and other payables and provisions)	**18,279**	27,871
Non-current financial liabilities (excluding trade and other payables and provisions)	**10,964**	29,271

	2023	2022
Revenues	**135,586**	124,893
Income for the year	**26,340**	23,423
Other comprehensive income	**226**	158
Total comprehensive income for the year	**26,566**	23,581

11. PROJECTS UNDER CONSTRUCTION

The movement in the projects under construction during the year is as follows:

	2023	2022
Balance at January 1,	**5,344**	32,536
Additions	**187,528**	75,616
Transferred to PPE (note 6)	**(15,418)**	(102,808)
Balance at December 31,	**177,454**	5,344

Within the balance of projects under construction an amount equal to SR 156 million which represents the costs incurred for the new project in Yanbu Industrial City, Saudi Arabia, which includes:

1. Propane gas processing plant (to produce propylene).
2. Plant for the production of polypropylene, and
3. Complex to produce polypropylene compounds and PP specialty materials.

The new project, upon its completion, will produce annually more than 600,000 tons of polypropylene, polypropylene compounds, and specialized construction materials from Polypropylene derivatives, in addition to about 25,000 tons of salable hydrogen annually.

The new project will also include a grid for the propylene and polypropylene production units connecting two processing plants with the two production units in the new project to increase reliability and efficiency and improve the economies scale of the two companies.

The estimated total cost of the new project is about SR 7.5 billion (2 billion US dollars). It is expected to start its operation in the first half of 2026.

12. INVESTMENT IN FINANCIAL ASSETS / INSTRUMENTS

Equity investments comprise the following individual investments:

	As of December 31,	
	2023	2022
1) Investment in financial assets / instruments – current		
Fair value through Profit or Loss (FVTPL) *		
Investment in listed equity shares		
- Saudi Arabian Oil Company	-	44
2) Investment in financial assets / instruments - non-current		
Fair value through Other Comprehensive Income (FVTOCI) *		
Investment in listed equity shares		
- Saudi Basic Industries Corporation (SABIC)	-	90
Investment in financial assets measured at amortized cost		
Investment in preferred stock shares (see note b below)		
- Lygos Inc.	**1,969**	1,969
Total	**1,969**	2,103

Details of investment in listed equity shares is as follows

	2023	2022
As at January 1,	**134**	160
Derecognition of financial assets through sale of shares	**(132)**	-
Fair value gain / (loss) on re-measurement at equity investment FVTPL	**6**	(1)
Fair value adjustment through other comprehensive income	**(8)**	(25)
At December 31,	**-**	134

* Equity securities designated at FVTPL and FVTOCI represent investments in quoted equity shares of companies registered in the Kingdom of Saudi Arabia. Fair values of these quoted equity shares are determined by reference to published price quotations in an active market (see note 36).

a) The Group holds Series E preference shares of a US-based private entity, Siluria Technologies, amounting to SR 56.25 million at cost. The investment in equity instruments is not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management has elected to designate these investments in equity instruments as at FVTOCI as it believes that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

During 2022, the Group has written off the investment in Siluria Technologies, amounting to SR 56.25 million.

b) The Group has entered into investment agreement with Lygos Inc. in the United States of America and become a stockholder of (USD 716,430) fully paid and non-assessable shares of Series A2 Preferred stock. In July 2017, the group received an approval for the initial investment in Lygos project amounted to USD 525,000 priced at USD 0.733 per share, since that date, there has been no movement or update on the investment. However, management believes that there is no significant doubt over the recoverability of investment. This investment is stated at cost, which is considered as the fair value due to the absence of an active trading market for such investment.

13. TRADE AND OTHER RECEIVABLES, NET

	As of December 31,	
	2023	2022
Trade receivable	**310,941**	607,617
Due from a related party (note 35)	**10,440**	16,798
Other receivable	**4,211**	53
	325,592	624,468
Less: allowances for expected credit losses ("ECL")	**(9,984)**	(8,893)
	315,608	615,575

Due to the short-term nature of the trade and other receivables, their carrying amount is considered to be the same as their fair value.

Other receivables generally arise from transactions outside the usual operating activities of the Group.

The movement in allowances for expected credit losses during the year is as follows:

	2023	2022
Balance as at January 1,	**8,893**	8,569
Additions	**4,128**	848
Reversal during the year	**-**	(372)
Disposal of a subsidiary	**(3,037)**	-
Write off during the year	**-**	(152)
Balance as at December 31,	**9,984**	8,893

Before accepting any customer, the management of the Group evaluates the credit quality of the potential customers individually and defines the maximum credit period and credit limits. The credit period for the Group's operations normally ranges between 0 to 120 days which is contractually agreed. The Group secures its credit risk from majority of the customers through credit insurance or in the form of stand by and regular letter of credits from the customer's bankers with sound credit worthiness.

The Group always measures the allowances for expected credit losses which are unsecured at an amount equal to lifetime ECL. The expected impairment loss on trade receivables is estimated using a provision matrix by reference to past default experience of a group of debtors with similar loss patterns and where applicable an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The ageing analysis of trade receivables are as follows:

	Total	**Neither past due nor impaired**	**≤ 30 days**	**31 - 60 days**	**61 - 90 days**	**91 - 120 days**	**> 120 days**
2023	**310,941**	**226,784**	**47,312**	**6,410**	**2,120**	**8,622**	**19,693**
Loss rate	**3.21%**	**-**	**0.01%**	**0.06%**	**0.19%**	**0.10%**	**50.59%**
Impairment	**9,984**	**-**	**4**	**4**	**4**	**9**	**9,963**
2022	607,617	449,185	69,341	14,550	13,331	42,077	19,133
Loss rate	1.46%	-	0.00%	0.02%	0.02%	0.01%	46.41%
Impairment	8,893	-	3	3	3	5	8,879

See financial risk management (note 37) on credit risk of trade receivables, which explain how the Group manages and measure credit quality of trade receivables that are neither past due nor impaired.

14. PREPAYMENTS AND OTHER ASSETS

	As of December 31,	
	2023	2022
VAT receivable	**35,126**	37,343
Advances to suppliers and contractors	**25,075**	5,694
Prepayments	**18,360**	20,250
Advances to employees	**4,469**	4,198
Other receivables	**3,725**	4,650
Custom duties refundable, net	**2,813**	2,873
Insurance receivable	**621**	6,646
Margin deposit	**129**	135
Total	**90,318**	81,789
Non-current portion of prepayments and other assets	**(4,447)**	(5,400)
Current portion of prepayments and other assets	**85,871**	76,389

15. INVENTORIES

	As of December 31,	
	2023	2022
Finished goods	**197,819**	69,946
Raw materials	**58,759**	81,474
Packaging and labels	**-**	1,752
Work in progress	**4,763**	6,832
Consumables and spare parts	**86,669**	75,824
	348,010	235,828
Less: provision for slow-moving and obsolete items	**(2,851)**	(2,249)
	345,159	233,579

The cost of inventories recognised as an expense in cost of revenues during the year was SR 688.4 million (2022: SR 1,059.5 million).

The movement in provision for slow moving and obsolete items is as follows:

	2023	2022
Balance as at January 1,	**2,249**	1,716
Additions	**2,259**	533
Disposal of a subsidiary	**(1,657)**	-
Balance as at December 31,	**2,851**	2,249

16. CASH AND CASH EQUIVALENTS

	As of December 31,	
	2023	2022
Cash at banks *	**352,827**	294,817
Cash in hand	**447**	355
	353,274	295,172

* This includes short-term deposits for less than three months of SR 95 million (2022: SR 101.5 million), carrying profit ranges from 5.00% to 6.00% per annum (2022: 0.37% to 4.6% per annum).

As of each reporting date, all bank balances are assessed to have low credit risk as they are held with reputable and high credit rating banking institutions and there has been no history of default with any of the Group's bank balances. Therefore, the probability of default based on forward-looking factors and any loss given defaults are considered to be negligible.

17. SHARE CAPITAL

The Parent Company's authorized, issued and fully paid share capital is SR 692 million which is divided into 69.2 million shares of SR 10 par value each. Holders of these shares are entitled to dividends as declared from time to time and entitled to one vote per share at general assembly meeting.

18. STATUTORY RESERVE

In accordance with the Parent Company's By-law, the Parent Company is required to transfer 10% of the net income for the year to a statutory reserve until it equals to 30% of its share capital. The Parent Company may decide to stop this transfer when the reserve reaches 30% of the capital. This reserve is not available for distribution

The decision of the Extraordinary General Assembly held on May 18, 2022 was issued to suspend the retention rate of ten percent (10%) of the net profits to statutory reserve for the Company, due to the fact that the statutory reserve balance as at December 31, 2021 has reached (41.63%) of the capital. This is starting from the Company's financial results ending on March 31, 2022.

19. RESERVE FOR ACQUISITION OF ADDITIONAL SHARES IN A SUBSIDIARY

On 6 Rabi' II 1443 H (November 11, 2021), the Group obtained control over NATPET due to minority veto rights lapse after changes in the NATPET's By-Law therefore NATPET became a subsidiary from that date.

	As of December 31,	
	2023	**2022**
The property rate at the beginning of the year	**76.40%**	75.37%
The percentage of additional shares purchased*	**22.24%**	1.03%
The property rate is as at the end of the year	**98.64%**	76.40%

* The value of the additional shares purchased during 2023 amounted to SR 609.07 million (2022: SR 35.13 million).

The purchase was accounted for as an equity transaction with the owner without any impact on profit or loss. Where the difference between the book value of the non-controlling interest owned and the consideration paid within equity was recorded as part of other reserves amounted to SR 92.97 million (2022: SR 17.67 million).

During the year 2022, the Group increased its ownership stake in NATPET in stages from 75.37% to 76.40% by purchasing;

- In January 2022, the Group purchased 900,000 shares at a cost of SR 43.2 million.
- In March 2022, the Group purchased 200,000 shares at a cost of SR 9.6 million.

During the year 2023, the Group increased its ownership stake in NATPET in stages from 76.40% to 98.64% by purchasing 23,796,893 shares through a share swap with Alujain Corporation's shares and cash consideration as follows:

- In October 2023, the Group purchased 648,145 shares at a cost of SR 26.57 million.
- In November 2023, the Group purchased 21,986,204 shares by swapping 15,277,439 shares in Alujain (notes 20 and 38) for 17,973,458 shares in NATPET and a cash consideration of SR 144.98 million for 4,012,746 shares in NATPET.
- In December 2023, the Group purchased 1,162,544 shares at a cost of SR 47.66 million.

20. TREASURY SHARE

The shares of the Company, 20 million shares with a cost of SR 631.98 million owned by NATPET and its subsidiaries were classified after the consolidation of the financial statements as treasury shares according to the accounting standards adopted as of December 31, 2022. On July 12, 2023, the General Assembly of NATPET approved the distribution of in-kind dividends to its shareholders (20 million shares in Alujain owned by NATPET and its subsidiaries). Alujain's share from the in-kind dividends amounted to 15,277,439 shares in Alujain, which were exchanged for purchasing the shares of some shareholders in NATPET (notes 19 and 38).

Below is the movement of treasury shares during the year (thousand shares):

	2023	2022
Number of treasury shares as on January 1,	**19,997**	19,860
Additions resulting from the purchase of additional shares	**-**	137
Disposal of treasury shares	**(19,997)**	-
Number of outstanding shares as on December 31,	**-**	19,997

21. LONG TERM LOANS

The following is a summary of the loans:

	As of December 31,	
	2023	2022
Secured facilities at amortized costs		
Saudi Industrial Development Fund (a)	**31,165**	48,579
Alinma bank (b)	**1,056,731**	967,881
	1,087,896	1,016,460
Less: Current portion of long-term loan	**(20,293)**	(213,365)
Noncurrent portion of long-term loan	**1,067,603**	803,095

(a) The Group obtained long term loan from Saudi Industrial Development Fund (SIDF) to finance the construction of manufacturing facilities of one of its subsidiaries amounting to SR 76.60 million net of upfront fees of SR 5.4 million. The loan is secured by a mortgage on the subsidiary's property, plant and equipment and corporate guarantees of NATPET and is repayable over semi-annual instalments starting from January 25, 2016 and ending on May 16, 2022.

During the year 2019, the loan agreement has been amended and maturity period has been extended from May 16, 2022 to April 2024. During 2021, the terms of loan have been amended and maturity period has been further extended till April 13, 2025.

(b) The Group obtained long-term Islamic facilities from Alinma Bank. The loan is subject to the prevailing Saudi interbank commission rates (SIBOR) plus an agreed upon profit margin. The outstanding financings as on December 31, 2023 amounted to SR 1,057 million (December 31, 2022: SR 968 million) as follows:

In August 2021, the Group obtained long-term Islamic financing facility from Alinma Bank of SR 1,000 million, for the purpose of purchasing additional shares in NATPET, certain shares owned by Alujain Corporation have been mortgaged as collateral in return for the financing and will be repaid over 8 years in annual installments starting from 2022. In August 2023, the Group rescheduled the loan and obtained long-term Islamic refinancing facility from Alinma Bank amounting to SR 1,264 million at competitive prices and conditions. According to this rescheduling, the existing loan amounting to SR 863.56 million was repaid, and the remaining will be for the purpose of financing the company's investment activities. The loan will be repaid over a period of 9 years after a grace period of one year from the date of the rescheduling agreement in annual installments starting in 2025. The Group has mortgaged certain shares owned by Alujain and promissory notes as guarantees in exchange for the refinancing (note 40). The outstanding balance as of December 31, 2023 amounted to SR 1,057 million (December 31, 2022: SR 868 million)

In March 2021, the Group obtained long-term Islamic financing from Alinma Bank amounting to SR 400 million, and the outstanding term balance as at December 31, 2023 amounted to nil (December 31, 2022: SR 100 million). This is for the purpose of financing the Group's operational operations to be paid in two equal installment payments of SR 100 million in November 2022 and November 2023. The Group has repaid remaining loan amount on May 2023 before its due date.

The scheduled maturities of the long-term facilities outstanding are as follows:

December 31,	Facility principal	Deferred financial charges	Long term facilities
2024	**20,500**	**(207)**	**20,293**
2025	**109,528**	**(28)**	**109,500**
2026	**98,628**	**-**	**98,628**
2027	**98,628**	**-**	**98,628**
2028	**98,628**	**-**	**98,628**
2029	**98,628**	**-**	**98,628**
2030	**98,628**	**-**	**98,628**
2031	**98,630**	**-**	**98,630**
2032	**366,333**	**-**	**366,333**
	1,088,131	**(235)**	**1,087,896**

22. DECOMMISSIONING PROVISION

	2023	2022
January 1,	**13,558**	12,912
Unwinding of provision during the year (note 31)	**678**	646
December 31,	**14,236**	13,558

23. EMPLOYEES DEFINED BENEFIT LIABILITIES

23.1 General description of the plan

The Group's obligation under employee end of service benefit plan is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurements of the defined benefit liability, which comprise actuarial gains and losses, are recognized immediately in the consolidated statement of comprehensive income. The Group determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plans are recognized in personnel expenses in the profit or loss.

	As of December 31,	
	2023	2022
Defined benefits obligation	**74,241**	68,778

The following table summarizes the components of the net benefit expense recognized in the consolidated statement of profit or loss and the statement of consolidated comprehensive income and the amounts recognized in the consolidated statement of financial position.

Changes in the present value of defined benefit obligation during the year are as follows:

	2023	2022
As at January 1,	**68,778**	75,889
Current service cost	**7,530**	6,962
Financial charges	**3,156**	2,136
Benefits paid	**(4,499)**	(4,843)
Actuarial loss / (gain)	**88**	(11,366)
Disposal of a subsidiary	**(812)**	-
As at December 31,	**74,241**	68,778

Net benefit expense (recognized in profit or loss) is as shown below:

	For the year ended December 31,	
	2023	2022
Current service cost	**7,530**	6,962
Financial charges	**3,156**	2,136
Benefit expense	**10,686**	9,098

Net actuarial loss / (gain) on the obligation for the year is as follows:

	For the year ended December 31,	
	2023	2022
Re-measurement loss / (gain)	**88**	(11,366)

23.2 Actuarial assumptions

Principal assumptions used in determining defined benefit obligation for the Group is as shown below:

	As of December 31,	
	2023	2022
Discount rate	**5% - 5.4%**	5% - 5.4%
Future salary growth	**5%**	5%
Employee turnover*	**2% - 20%**	2% - 20%
Duration of the defined benefit plan obligation	**11 -14 years**	11 -12 years

* Based on attrition rate assumption for each age band.

The following is the breakup of the actuarial loss / (gain):

	2023	2022
Financial assumptions	**(846)**	(15,617)
Experience adjustment	**934**	4,251
	88	(11,366)

23. EMPLOYEES DEFINED BENEFIT LIABILITIES (CONTINUED)

23.2 Actuarial assumptions (continued)

A quantitative sensitivity analysis for significant assumptions on the defined benefit obligation is shown below:

	As of December 31,	
Discount rate:	**2023**	2022 (Restated)
1% increase in discount rate	**63,695**	59,420
1% decrease in discount rate	**77,511**	72,875
Future salary growth:		
1% increase in salary escalation rate	**77,439**	72,802
1% decrease in salary escalation rate	**63,636**	59,365
Mortality rate:		
20% increase in mortality rate	**70,040**	65,584
20% decrease in mortality rate	**69,910**	65,600

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

The following payments are expected to the defined benefit plan in the future:

	2023	2022
Within the next 12 months (next annual reporting period)	**9,409**	8,201
Between 1 and 2 years	**7,244**	6,359
Between 2 and 3 years	**6,240**	6,983
Between 3 and 4 years	**8,385**	6,230
Between 4 and 5 years	**7,355**	8,220
After 5 years	**42,937**	40,833
Total expected payments	**81,570**	76,826

24. TRADE AND OTHER PAYABLES

	As of December 31,	
	2023	2022
Trade payables	**82,657**	35,177
Dividend payable	**1,756**	1,756
Other payable	**-**	442
	84,413	37,375

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

25. ACCRUED AND OTHER LIABILITIES

	As of December 31,	
	2023	2022
Accrued expenses	**125,834**	111,728
Accrued purchases	**68,042**	83,394
Advance from customers	**6,358**	2,571
Other current liabilities	**21,082**	17,065
	221,316	214,758
Non-current portion of accrued and other liabilities	**(27,523)**	-
Current portion of accrued and other liabilities	**193,793**	214,758

26. ZAKAT

26.1 Components of Zakat base

The Company and its subsidiaries file separate Zakat declarations which are filed on unconsolidated basis. The significant components of the Zakat base of each company under Zakat regulation are principally comprised of shareholders' equity, provisions at the beginning of year, adjusted income, less deductions for the adjusted net book value of noncurrent assets.

26.2 Provision for Zakat

The movement in the Group's Zakat payable balance is as follows:

	2023	2022
January 1,	**55,063**	52,405
Provided during the year	**22,630**	24,340
Provided for previous years	**4,151**	470
Paid during the year	**(25,004)**	(22,152)
December 31,	**56,840**	55,063

26.3 Status of assessments

The Parent Company – Alujain Corporation

The Zakat, Tax and Customs Authority (ZATCA) completed the Zakat assessment until 2020, and obtained the final Zakat certificate.

The Parent Company has submitted its returns for the periods up to the year ended December 31, 2022, which are currently under the review by the ZATCA.

Subsidiary Company (NATPET)

NATPET filed its Zakat returns for the period/years ended December 31, 1999 to 2005. The ZATCA issued the final Zakat assessment for the period/years ended 31 December 1999 to 2005 and claimed additional Zakat differences, withholding tax and penalties of SR 8,559,649. NATPET objected against the said assessment which has been transferred to the Preliminary Objection Committee (POC) for review and decision. The POC issued its decision by which Zakat and withholding tax differences were reduced by SR 1,115,209. NATPET filed an appeal against the POC's decision with the Higher Appeal Committee (HAC) and submitted a bank guarantee of SR 7,435,625. The HAC issued its decision regarding NATPET 's appeal for the period/years ended 31 December 1999 to 2005 by which Zakat and withholding tax differences were reduced by SR 439,932. NATPET filed a petition with the Bureau of Grievances (BOG) against the said HAC decision and requested the ZATCA not to liquidate the bank guarantee of SR 7,435,625. The BOG issued its ruling, which supported the HAC point of view. The ZATCA liquidated the bank guarantee of SR 7,435,625. NATPET filed a plea against the said BOG decision at the Royal Court, the Royal Court referred the case back to the BOG to restudy NATPET 's petition which is still under review by the BOG.

NATPET has lodged the appeal with the newly formed appeal Committee the General Secretary of Tax Committee ("GSTC"), the GSTC's review is awaited.

During the year 2022, ZATCA has raised an assessment for the year ended December 31, 2016, claiming additional Zakat liability of SR 470 thousand and NATPET has settled this liability.

During the year, ZATCA has reviewed the Zakat returns for the year ended December 31, 2017 and 2018. The ZATCA has issued an assessment with additional Zakat liability of SR 4.6 million. NATPET filed an appeal against the ZATCA's assessment with the Tax Violations and Disputes Resolution Committee ("TVDRC"), which is pending adjudication.

NATPET filed its Zakat returns for the years ended December 31, 2019 to 2022 and the ZATCA review is awaited.

Subsidiary Company (LNIC)

LINC has issued its first financial statements for the period from January 3, 2023 (Inception) to December 31, 2023.

27. REVENUES

27-1 Revenue source

	2023	2022
Type of goods		
Sale of polypropylene	**1,271,434**	1,760,670
Sale of non-woven geotextiles	**59,430**	50,105
Sale of fiber geotextiles	**47,780**	72,763
Sale of trading goods	**6,507**	5,739
Sale of home care products	**11,582**	21,903
	1,396,733	1,911,180

27-2 Timing of revenue recognition

	2023	2022
Goods transferred at point in time	**1,396,733**	1,911,180
Goods transferred over time	**-**	-
	1,396,733	1,911,180

27-3 Contract balances

The Group does not expect to have any contract where the period between the transfer of goods to the customer and payment by the customer exceeds one year, and accordingly, the transaction prices are not adjusted for the time value of money.

There were no material return, refund, or advances and, therefore, no contract balances for the year ended December 31, 2023 (2022: nil).

28. COST OF REVENUES

	2023	2022
Raw materials, utilities consumables and change in inventory	**764,873**	1,133,753
Depreciation of property, plant and equipment (note 6)	**187,612**	182,287
Salaries and related benefits	**118,791**	106,891
Other manufacturing overheads	**88,657**	80,831
Amortization of intangible assets (note 8.3)	**2,727**	2,720
Depreciation on right-of-use assets (note 7)	**1,226**	1,011
	1,163,886	1,507,493

29. SELLING, MARKETING AND DISTRIBUTION EXPENSES

	2023	2022
Distribution and freight	**51,153**	151,120
Employees' cost and other compensation	**10,810**	12,124
Warehouse management	**5,631**	6,974
Commission	**2,759**	475
Travel and accommodation	**1,220**	1,450
Advertising, media and exhibitions	**513**	707
Depreciation of property, plant and equipment (note 6)	**200**	176
Amortization of intangible assets (note 8.3)	**25**	25
Others	**5,566**	6,911
	77,877	179,962

30. GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
Employees' cost and other compensation	**46,035**	37,415
Legal and professional fees	**9,628**	5,680
Information technology	**6,735**	4,842
Public relation and publicity	**1,029**	2,028
Depreciation of property plant and equipment (note 6)	**2,407**	3,774
Depreciation on right-of-use assets (note 7)	**184**	185
Travel and accommodation	**719**	1,608
Bank charges	**952**	1,490
Meetings, seminars and conferences	**106**	130
Utilities and services	**138**	323
Subscriptions and office supplies	**186**	219
Others	**7,219**	6,639
	75,338	64,333

31. FINANCE COST

	2023	2022
Interest charges on long-term loans	**61,580**	36,572
Other bank charges	**4,156**	2,677
Unwinding of decommission provision (note 22)	**678**	646
Interest on leases (note 7)	**721**	680
	67,135	40,575

32. DISPOSAL OF A SUBSIDIARY

The Group has recorded the assets disposed and the liabilities assumed at their carrying amounts as of July 31, 2023. The management carried out an assessment of its investment in Zain Industries Company as of July 31, 2023, based on which no impairment was identified.

The Group derecognized its investment in the subsidiary at carrying amount as of July 31, 2023. The excess of the amount of consideration of cash received from sale the subsidiary over the carrying value of pre-existing interest in Zain Industries Company has been recognized as gain on disposal of a subsidiary.

The analysis of assets and liabilities disposed was as follows:

	July 31, 2023
ASSETS	
Property, plant and equipment	**9,314**
Right of use assets	**910**
Intangible assets	**110**
Trade and other receivables	**3,164**
Prepayments and other assets	**2,174**
Inventories	**2,835**
Cash and cash equivalents	**146**
TOTAL ASSETS	**18,653**
LIABILITIES	
Trade and other payables	**4,395**
Lease liabilities	**910**
Accrued expenses and other liabilities	**1,011**
Employees' defined benefits obligation	**812**
Non-controlling interest	**144**
TOTAL LIABILITIES	**7,272**
NET ASSETS ACQUIRED	**11,381**
Less: Consideration amount for the disposal of ownership in a subsidiary	**(15,626)**
Gain on disposal of a subsidiary	**(4,245)**

The following table shows statements of profit or loss and comprehensive income of Zain Industries Company at the date of disposal:

	July 31, 2023
Revenues	**11,582**
Cost of revenues	**(11,001)**
Gross profit	**581**
Selling and marketing expenses	**(2,250)**
General and administration expenses	**(1,814)**
Provision for expected credit loss	**(1,457)**
Provision for inventory obsolescence	**(1,270)**
Other expenses	**(1,009)**
Loss from operations	**(7,219)**
Finance cost	**(32)**
Loss before Zakat	**(7,251)**
Zakat	**-**
Net loss for the period	**(7,251)**

33. EARNINGS PER SHARE

The following is the calculation of basic and diluted earnings per share for the year ended December 31:

	2023	2022 (Restated)
Net (loss) / profit attributable to equity holders of the Parent Company	**(82,245)**	64,543
Number of shares (in thousands)		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	**51,031**	49,203
Weighted average number of repurchased ordinary shares	**18,169**	19,997
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**69,200**	69,200
(Losses) / Earnings per share attributable to equity holders of the Parent Company (SR/Share)		
Basic	**(1.61)**	1.31
Diluted	**(1.19)**	0.93

There is no change in the number of shares outstanding during the year ended December 31, 2023 (2022: nil).

34. SEGMENT REPORTING

A reporting segment is a group of assets and operations engaged in revenue producing activities, results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment, and financial information for which is separately available.

The Group's President and Board of Directors monitor the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment. They are collectively the chief operating decision makers (CODM) for the Group.

CODM now reviews the operations principally in the following two operating segments:

i. Manufacturing of petrochemical products (which includes Polypropylene products & Geo-synthetic products); and
ii. Manufacturing of home-care products.

Certain expenses related to the Parent Company which are not directly attributable to the segments are not allocated by the CODM

Selected financial information summarized by the above operating segments is as follows:

	Manufacturing petrochemical products	**Manufacturing home-care products**	**Unallocated**	**Total**
December 31, 2023				
Revenues	**1,385,151**	**11,582**	**-**	**1,396,733**
Cost of revenues excluding depreciation and Amortization	**(963,202)**	**(9,119)**	**-**	**(972,321)**
Depreciation and Amortization	**(192,162)**	**(2,006)**	**(213)**	**(194,381)**
Selling and marketing expenses	**(75,439)**	**(2,213)**	**-**	**(77,652)**
General and administration expenses	**(54,617)**	**(1,727)**	**(16,403)**	**(72,747)**
Finance cost	**(2,977)**	**(32)**	**(54,843)**	**(57,852)**
Other (expenses) / income	**14,062**	**(3,736)**	**(57,598)**	**(47,272)**
Segment results loss before Zakat	**110,816**	**(7,251)**	**(129,057)**	**(25,492)**

	Manufacturing petrochemical products	Manufacturing home-care products	Unallocated	Total
December 31, 2022 (Restated)				
Revenues	1,889,277	21,903	-	1,911,180
Cost of revenues excluding depreciation and Amortization	(1,303,284)	(18,191)	-	(1,321,475)
Depreciation and Amortization	(186,620)	(3,354)	(214)	(190,188)
Selling and marketing expenses	(176,613)	(3,148)	-	(179,761)
General and administration expenses	(47,937)	(2,752)	(9,675)	(60,364)
Finance cost	(8,056)	(65)	(29,924)	(38,045)
Other income / (expenses)	74,629	(1,120)	(54,742)	18,767
Segment results profit before Zakat	241,396	(6,727)	(94,555)	140,114

34. SEGMENT REPORTING (CONTINUED)

Total assets and liabilities as at December 31, 2023	**Manufacturing petrochemical products**	**Manufacturing home-care products**	**Unallocated**	**Total**
Total assets	**3,107,171**	**-**	**1,514,243**	**4,621,414**
Total liabilities	**430,067**	**-**	**1,124,783**	**1,554,850**

Total assets and liabilities as at December 31, 2022 (Restated)	Manufacturing petrochemical products	Manufacturing home-care products	Unallocated	Total
Total assets	3,279,247	34,348	1,489,893	4,803,488
Total liabilities	494,626	15,573	912,516	1,422,715

The Group's local and export sales during the year are as follows:

Geographic information	**2023**	2022
Revenue from external customers		
Africa	**384,231**	361,648
Asia	**509,696**	763,279
Europe	**240,500**	226,488
North America	**76,754**	176,303
South America	**185,331**	383,462
Oceania	**221**	-
	1,396,733	1,911,180

35. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions

Key management compensation for the Group

The Group's senior management personnel represent members of the Board of Directors and senior executives who exercise authority and responsibility in planning, obligating and controlling the Group's activities, directly or indirectly. The compensation of senior management of the group is as follows:

	2023	2022
Short-term employee salaries and benefits	**24,880**	17,236
Termination benefits	**658**	445
	25,538	17,681

The following table provides the total amount of material transactions that have been entered into with related parties:

Related Party	**Relation**	**Nature of transaction**	**2023**	2022
Natpet Schulman Specialty Plastic Compounds Company	Joint Venture	Sales	**42,512**	12,484
		Management fees	**2,318**	2,110
		Sale of waste material	**-**	51
		Expenses re-charged by the Group	**(2,317)**	(2,928)
		Zakat absorption	**1,051**	1,196

Terms and conditions of transactions with related parties

Transactions with the related parties are undertaken at mutually agreed prices and are approved by the management. Outstanding balances as at December 31, 2023 and 2022 are interest free and settled in cash.

Related party balances

Related party	**2023**	2022
Included within "trade and other receivables"		
Amounts due from a related party		
Natpet Schulman Specialty Plastic Compounds Company	**10,440**	16,798
	10,440	16,798

The Group always measures the allowances for expected credit losses which are unsecured at an amount equal to lifetime ECL. The expected impairment loss on due from related parties is estimated using a provision matrix by reference to past default experience of related parties with similar loss patterns and where applicable an analysis of the related parties' current financial position, adjusted for factors that are specific to the related parties, general economic conditions of the industry and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

35. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Analysis of credit quality of due from a related party is as follows:

	2023	2022
Neither past due not impaired	**10,159**	1,769
Past due but not impaired:		
- less than 90 days overdue	**281**	6,725
- 91 to 180 days overdue	-	5,606
- 181 to 270 days overdue	-	1,832
- More than 270 days overdue	-	866
	10,440	16,798

36. FAIR VALUE ESTIMATION

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values

As of December 31, 2023	**Classification – carrying value**			**Fair Value**		
	Amortized cost	**FVTOCI designated**	**FVTPL designated**	**Quoted prices in active markets (Level 1)**	**Significant observable Inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets						
Investment in financial assets	**1,969**	**-**	**-**	**-**	**-**	**1,969**
Trade and other receivables	**315,608**	**-**	**-**	**-**	**-**	**-**
Advances to employees	**4,469**	**-**	**-**	**-**	**-**	**-**
Cash and bank balances	**352,274**	**-**	**-**	**-**	**-**	**-**
Financial liabilities						
Long term borrowings (including current portion)	**1,087,896**	**-**	**-**	**-**	**-**	**-**
Lease liabilities (including current portion)	**15,908**	**-**	**-**	**-**	**-**	**-**
Trade and other payables	**84,413**	**-**	**-**	**-**	**-**	**-**

As of December 31, 2022	Classification – carrying value			Fair Value		
	Amortized cost	FVTOCI designated	FVTPL designated	Quoted prices in active markets (Level 1)	Significant observable Inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets						
Investment in financial assets	1,969	90	44	134	-	1,969
Trade and other receivables	615,575	-	-	-	-	-
Advances to employees	4,198	-	-	-	-	-
Cash and bank balances	295,172	-	-	-	-	-
Financial liabilities						
Long term borrowings (including current portion)	1,016,460	-	-	-	-	-
Lease liabilities (including current portion)	16,723	-	-	-	-	-
Short term borrowings	37,375	-	-	-	-	-

There were no transfers between the levels of the fair value hierarchy.

36. FAIR VALUE ESTIMATION (CONTINUED)

The management assessed that cash and bank balances, time and restricted deposits, trade and other receivables, advances to employees, trade and other payables and short-term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair values of the Group's borrowings are determined by using effective interest rate method using discount rate that reflects the borrowing rate as of the end of the reporting period. Fair value of the Group's lease liabilities is determined by using effective interest rate method using the discount rate that reflects the Group's IBR. The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as of December 31, 2023.

The following methods and assumptions were used to estimate the fair values:

Level 3

For details refer note 12(b).

37. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Risk management is carried out by senior management under policies approved by those charged with governance ("TCWG") i.e. the Board of Directors.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Financial instruments principally include cash and cash equivalents, short-term investments, trade receivables, other receivables, long term and short-term borrowing, accounts payable, lease liabilities and other liabilities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers, due from related parties, advance to employees and cash and cash equivalents.

The Group's maximum exposure to credit risk at the reporting date is as follows;

	December 31,	
	2023	2022
Financial assets		
Trade and other receivables	**315,608**	615,575
Advances to employees	**4,469**	4,198
Cash and cash equivalents	**352,827**	294,817
	672,904	914,590

Due from a related party and advance to employees carry minimum credit risk and therefore are not considered for impairment assessment. The bank balances and time and restricted deposits are deposited with high credit rated banks; therefore, the credit risk is limited.

The Group trades only with recognised, credit worthy third parties. It is the Group's policy that all direct customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Credit limits are established for all customers using an internal and external rating criterion. Credit quality of the customer is assessed on an ongoing basis

Trade receivables are carried net of impairment allowances. For trade receivables from third parties, the Group has a credit insurance policy with a reputable insurance service provider. The Group secures its credit risk from majority of the customers in the form of stand by and regular letter of credits from the customer's bankers with sound credit worthiness.

Sales to one customer, amounting to approximately SR 358.6 million represents 26% of the Group's sales for 2023 (Approximately SR 691.69 million to one customer which represented 37% of 2022 sales).

All bank balances of the Group are held with reputable and high credit rating banking institutions.

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring the maturity profile of the Group's financial instruments to ensure that adequate liquidity is maintained or made available, as necessary to the Group.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. The Group has no significant concentration of liquidity risk. For instance, concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowings or reliance on a particular market in which to realize liquid assets.

The Group's financial liabilities primarily consist of borrowings and trade and other payables. These financial liabilities are expected to be settled as mentioned below from the reporting date and the Group expects to have adequate liquid funds to do so. The following is contractual undiscounted maturity analysis of the financial liabilities of the Group as at December 31, 2022 and 2023. The Group does not hold financial assets for managing liquidity risk.

The following is contractual undiscounted maturity analysis of the financial liabilities of the Group as at December 31:

	Within 1 year	**Between 1-5 years**	**More than 5 years**	**Total**
2023				
Long term loans (including current portion)	**20,293**	**405,385**	**662,218**	**1,087,896**
Trade and other payables	**84,413**	**-**	**-**	**84,413**
Accrued and other current liabilities	**193,793**	**27,523**	**-**	**221,316**
Lease liabilities	**1,408**	**6,503**	**13,918**	**21,829**
	299,907	**439,411**	**676,136**	**1,415,454**
2022 (Restated)				
Long term loans (including current portion)	213,365	414,970	388,125	1,016,460
Trade and other payables	37,375	-	-	37,375
Accrued and other current liabilities	214,758	-	-	214,758
Lease liabilities	1,480	6,373	15,378	23,231
	466,978	421,343	403,503	1,291,824

Purchases from one supplier, amounting to approximately SR 703.2 million represents 87% of the Group's purchases during 2023 (2022: approximately SR 920.8 million from one supplier which represented 85% of 2022 purchases).

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term borrowing which expose the Group to cash flow interest rate risk.

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk (continued)

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The following table demonstrates the sensitivity of statements of profit or loss to reasonable possible changes in interest rates, with all other variables held constant.

	2023	2022
Total SR denominated floating rate loan (+100 Bps)	**10,567**	9,679
Total SR denominated floating rate loan (-100 Bps)	**(10,567)**	(9,679)

Currency risk

Currency risk is the risk that the value of a financial instrument denominated in foreign currencies will fluctuate due to changes in foreign exchange rates, in case the Group does not hedge its currency exposure by means of hedging instruments.

During the year, the Group did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars and accordingly, the Group does not have material exposure to other foreign currencies during the year ended 31 December 2023. Further, since the Saudi Riyal is pegged to the US dollar, the Group is not exposed to significant foreign currency risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk). The Group is exposed to the risk of fluctuations in the prevailing market prices on the petrochemical products it produces. The Group does not enter into commodity price hedging arrangements. The Group’s policy is to manage these risks through adjusting its selling prices.

Capital risk management

Capital is equity attributable to the equity holders of the Group. The primary objective to the Group’s capital management is to support its business and maximize shareholder value.

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group’s debt to adjusted capital ratio is as follows:

	2023	2022 (Restated)
Total liabilities	**1,554,850**	1,422,715
Less: Cash and cash equivalents	**(353,274)**	(295,172)
Net debt	**1,201,576**	1,127,543
Total equity	**3,066,564**	3,380,773
Debt to adjusted capital ratio	**39.18%**	33.35%

38. DIVIDEND DISTRIBUTIONS

At the general assembly meeting held on May 18, 2022, the shareholders agreed to authorize the Board of Directors to distribute interim dividends for the 2022 fiscal year. On June 5, 2022, the Parent Company announced the Board of Directors’ decision to distribute cash dividends to shareholders for SR 103.8 million at (SR1.5) per share for the first half of the fiscal year 2022, which represents 15% of the total paid-in capital. The share of the subsidiary company amounting to SR 29.8 million was eliminated on consolidation of the financial statements. The eligibility for dividends will be for the shareholders owning the shares at the end of trading on June 30, 2022 (the maturity date), and the dividend distributed on July 20, 2022. The dividends paid to the non-controlling interests through the subsidiary NATPET amounted to SR 45.5 million during the period.

On February 26, 2023, the board of directors of NATPET approved the distribution of interim dividends amounting to SR 160.5 million (SAR 1.5 per share). This amount excludes the Company’s share of SR 122.6 million, which was eliminated in the consolidation of the financial statements. The dividends paid to the non-controlling interest through NATPET amounted to SR 37.9 million during the period ended September 30, 2023.

On July 12, 2023, the General Assembly of NATPET approved the distribution of in-kind dividends to the shareholders of NATPET (all shares owned by the subsidiary - NATPET and its subsidiaries in Alujain Corporation amounted to 19,997,224 number of shares). The in-kind dividends distributed on November 28, 2023 with market value of SR 763.89 million. This amount excludes the Company’s share of 15,277,439 shares values at SR 583.6 million, which was eliminated in the consolidation of the financial statements. The in-kind dividends distributed to the non-controlling interests through the subsidiary NATPET are 4,719,785 shares values at SR 180.3 million.

On December 10, 2023, the board of directors of NATPET approved the distribution of interim dividends amounting to SR 192.6 million (SAR 1.8 per share). This amount excludes the Company’s share of SR 187.88 million, which was eliminated in the consolidation of the financial statements. The dividends paid to the non-controlling interest through NATPET amounted to SR 4.72 million during the period ended December 31, 2023.

39. SUBSEQUENT EVENTS

Purchasing additional NATPET's shares

During January 2024, the Group increased its ownership stake in NATPET in stages from 98.64% to 98.75% by purchasing 118,839 shares at a cost of SR 4.87 million.

The signing of a strategic agreement between Alujain Corp. and Basell International Holdings B.V.

On January 16, 2024, the Parent Company announced that it had signed a strategic agreement between Alujain Corporation and Basell International Holdings B.V., (a subsidiary of LyondellBasell Industries N.V. "LYB"), a leading global company in the petrochemical industry. The joint venture included Basell International Holdings entering into a shareholding partnership in NATPET with a share of 35% of the company's capital, and it will invest and own 35% of the new project company capital (LINC). The cost of its capital investments is estimated at approximately SR 7.5 billion.

The signing of an agreement to sell 35% equity stake in the capital of NATPET for a value of SR 1.87 billion (500 million US dollars).

On January 16, 2024, the Parent Company announced that it had signed an agreement to sell a 35% stake, representing (37,450,000 shares) in NATPET's capital to Basell International Holdings B.V. (a subsidiary of LyondellBasell Industries N.V. "LYB"), at a value of approx. SR 1.87 billion (approx. 500 million US dollars) as part of a comprehensive joint venture arrangement.

The agreement includes preconditions and warranties related to amendments to the structure of NATPET and the new project company and obtaining the necessary approvals from the relevant authorities as per the terms of the agreement.

Alujain's ownership in NATPET at the date of signing this agreement is 98.7% of the total shares of NATPET.

The Signing of a memorandum of understanding (MoU)

On March 17, 2024, the Parent Company announced that it had signed MoU with Samvardhana Motherson International Ltd. (Motherson) for partnership in a complex for the manufacture of specialized engineering and manufacturing plastic compounds. The duration of the MoU is two years.

40. CONTINGENCIES AND COMMITMENTS

The Group has given a guarantee to SIDF and commercial banks for loans to its subsidiary and joint venture (note 21).

The Group has signed a promissory note with Alinma Bank as a guarantee for facilities refinancing totaling SR 1,263 million. Additionally, the parent company shares in NATPET have been pledged to cover 150% of the value of the bank facilities. Furthermore, profits from NATPET will be utilized to cover loan installments (note 21).

The Group has contingent liabilities related to letters of guarantee issued to Saudi Arabian Oil Company (Saudi Aramco) amounting to SR 264 million (2022: SR 264 million).

As of December 31, 2023, capital expenditure contracted by the Group but not incurred amounted to SR 46.7 million (2022: SR 19.08 million).

As of December 31, 2023, capital expenditure contracted by the Group related to its project under construction but not incurred amounted to SR 311 million (2022: SR nil).

As at December 31, 2023 the Group has sufficient inventories in hand to execution of outstanding sale orders.

41. LAWSUITS

As of December 31, 2023, and as per the Group's lawyer opinion date March 10, 2024 there are no cases brought against the group that might cause material potential obligations.

On March 9, 2020 (corresponding to 14 Rajab 1441), the management of Alujain Corporation filed a liability legal suit against the members of former Board of Directors, who were removed on June 14, 2017, at the competent judicial authorities in the Commercial Court in Jeddah. The commercial court in Jeddah issued a judgment to suspend the case until a decision is made on the complaint filed against the defendants in the public prosecutor's office.

42. COMPARATIVE FIGURES AND PRIOR YEARS ADJUSTMENTS

During the year, management identified necessary adjustments to the prior years' consolidated financial statements, primarily concerning the valuation of goodwill and the treatment of customer relationships associated with the acquisition of NATPET on November 11, 2021. The principal objective of these adjustments is to segregate the customers relationship from goodwill. Consequently, in accordance with International Accounting Standards, it was determined that the customers relationship asset should be amortized over its useful life (6 years), ensuring compliance with financial reporting requirements and enhancing the accuracy and transparency of the consolidated financial statements.

Moreover, a reclassification has been made regarding the noncurrent portion of prepaid expenses, which are expected to be utilized beyond twelve months from the date of the consolidated financial statements. Additionally, another reclassification has been conducted between property, plant, and equipment and projects under construction. This reclassification involved transferring the amount of capital work in progress previously categorized within property, plant, and equipment.

Impact on the consolidated statement of financial position as of January 1, 2022:

	Balance as previously stated	Reclassifications	Adjustments	Restated balance
Intangible assets	23,540	(23,540)	-	**-**
Goodwill	1,533,429	(1,533,429)	-	**-**
Goodwill and intangible assets	-	1,556,969	(7,500)	**1,549,469**
Property, plant and equipment	2,053,182	(32,536)	-	**2,020,646**
Projects under construction	-	32,536	-	**32,536**
Current portion of prepayments and other assets	82,010	(6,352)	-	**75,658**
Non-current portion of prepayments and other assets	-	6,352	-	**6,352**
Retained earnings	(2,293,975)	-	7,500	**(2,286,475)**

Impact on the consolidated statement of financial position as of December 31, 2022:

	Balance as previously stated	Reclassifications	Adjustments	Restated balance
Intangible assets	20,785	(20,785)	-	**-**
Goodwill	1,533,429	(1,533,429)	-	**-**
Goodwill and intangible assets	-	1,554,214	(62,250)	**1,491,964**
Property, plant and equipment	1,997,428	(3,538)	-	**1,993,890**
Projects under construction	1,806	3,538	-	**5,344**
Current portion of prepayments and other assets	81,789	(5,400)	-	**76,389**
Non-current portion of prepayments and other assets	-	5,400	-	**5,400**
Retained earnings	(2,315,886)	-	62,250	**(2,253,636)**

Impact on the consolidated statement of profit or loss for the year ended December 31, 2022:

	Balance as previously stated	Reclassifications	Adjustments	Restated balance
Net profit for the year	(170,054)	-	54,750	(115,304)
Earnings per share attributable to equity holders of the parent Company (SR/share):				
Basic	2.42	-	(1.11)	1.31
Diluted	1.72	-	(0.79)	0.93

43. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements was approved and authorised for issue by the Board of Directors on 10 Ramadan 1445H (corresponding to March 20, 2024).